

REFERENCE TITLE: state treasurer; references

State of Arizona
Senate
Forty-eighth Legislature
Second Regular Session
2008

SB 1088

Introduced by
Senator Gorman

AN ACT

AMENDING SECTIONS 11-502, 12-1116, 15-1029, 15-1485, 15-1688, 17-290, 23-1065, 35-131, 35-141, 35-142, 35-185, 35-187, 35-196.02, 35-196.03, 35-196.04, 35-310, 35-311, 35-312, 35-313, 35-317, 35-318, 35-321, 35-402, 35-404, 35-427, 35-428, 35-429, 36-1903, 41-172, 41-732, 41-739, 48-1067, 48-4548 AND 48-5170, ARIZONA REVISED STATUTES; RELATING TO THE STATE TREASURER.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 11-502, Arizona Revised Statutes, is amended to
3 read:

4 11-502. Transmittal of money to state treasurer

5 Upon receipt of an order from the state treasurer requiring the money
6 in the county treasury belonging to the state or collected for it to be
7 transmitted to the state ~~treasury~~ TREASURER in the manner prescribed by law,
8 the county treasurer shall within ten days thereafter transmit the money in
9 the manner directed by the state treasurer, and as provided by law. The
10 transmittal shall be at the risk of the state, if sent as the state treasurer
11 directs.

12 Sec. 2. Section 12-1116, Arizona Revised Statutes, is amended to read:

13 12-1116. Actions for condemnation; immediate possession; money
14 deposit

15 A. All actions for condemnation shall be brought as other civil
16 actions in the superior court in the county in which the property is located
17 except that, at least twenty days before filing an action for condemnation of
18 property or any interest in property, the plaintiff shall deliver to the
19 property owner of record and as a courtesy to the sole lessee of record, if
20 applicable, according to the records of the county recorder in the county in
21 which the property is located:

22 1. A written offer to purchase the property or interest in the
23 property and to pay just compensation for the property or interest in the
24 property and for any compensable damages to any remaining property. The
25 offer must constitute the plaintiff's estimate of just compensation. The
26 offer may be made subject to any lessees of record or any lessees who may
27 claim a compensable interest. The offer does not impose an obligation on the
28 plaintiff to provide a written offer to purchase the lessee's interest.

29 2. One or more appraisals that support the amount of the proposed
30 compensation.

31 B. Except for special taxing districts formed pursuant to title 48,
32 chapter 17, if no lease is recorded or if more than one lease is recorded for
33 the property with the county recorder of the county in which the property is
34 located, at least twenty days before filing an action for condemnation of
35 property or any interest in property, the plaintiff shall provide notice of
36 the offer and appraisal to the party having a plain and obvious commercial
37 ownership or operational interest in substantial improvements on the property
38 by posting the notice in plain sight at the property that may be subject to
39 condemnation.

40 C. For special taxing districts formed pursuant to title 48, chapter
41 17, if more than one lease is recorded for the property with the county
42 recorder of the county in which the property is located, at least twenty days
43 before filing an action for condemnation of property or any interest in
44 property, the plaintiff shall provide notice of the offer and appraisal by
45 delivering to all property interest holders of record the notice that an

1 offer has been made and an appraisal has been conducted. The notice does not
2 apply to lessees of record if the lease or other written agreement governing
3 the interest holder's rights in the property provides that the property
4 interest holder would not be entitled to condemnation proceeds.

5 D. If a lessee that is not noted in the record of the county recorder
6 and has a commercial ownership or operational interest in substantial
7 improvements on the property requests a copy of the offer and appraisal the
8 plaintiff shall promptly comply with the request on presentation of
9 documentation by the lessee of the lessee's interest in the property.

10 E. At the time of filing the complaint, or at any time after filing
11 the complaint, the plaintiff may apply to the court for an order permitting
12 the plaintiff to take possession of and use the property sought to be
13 condemned for the purpose prayed for.

14 F. The superior court may waive the requirements of subsection A, B, C
15 or D of this section if the court determines that the plaintiff will suffer
16 immediate and irreparable harm that outweighs the property owner's or
17 lessee's interest.

18 G. On filing the application, the court shall set a time for a
19 hearing. Notice shall be served on the parties in interest by personal
20 service within the state, or by publication if without the state, in any
21 manner as the court directs.

22 H. On the day of the hearing, if it appears that the use for which the
23 property is sought to be condemned is a necessary use, the court shall
24 receive evidence as to the probable damages to each owner, possessor or
25 person having an interest in each parcel of land sought to be condemned and
26 of any unpaid property taxes that have been levied, including penalties and
27 interest, on the property sought to be condemned and may direct that on a
28 deposit of money, on direct payment to each owner, possessor or person having
29 an interest in each parcel, or if the condemnor is the state or a county,
30 city, town or political subdivision of this state, on posting a bond in a
31 form to be approved by the court, the plaintiff shall be let into the
32 possession and full use of the parcels of land, as described in the order,
33 for the purposes specified in the order.

34 I. The plaintiff may deposit the money or bond with the clerk of the
35 court or the state treasurer. The money or bond may be held for the use and
36 benefit of each person having an interest in each parcel of land sought to be
37 condemned, subject to final judgment after trial of the action, and may be
38 held also as a fund to pay any further damages and costs recovered in the
39 proceedings and any unpaid property taxes that were levied as of the date of
40 the order for immediate possession, including penalties and interest, on the
41 property sought to be condemned, as well as all damages sustained by the
42 defendant if for any cause the property is not finally taken for public use.
43 The deposit of the money or bond shall not discharge the plaintiff from
44 liability to maintain the fund in full, but it shall remain deposited for all
45 accidents, defalcations or other contingencies, as between the parties to the

1 proceedings, at the risk of the plaintiff, until the compensation or damage
2 is finally settled by judicial determination, and the court awards such part
3 of the money or bond as shall be determined to the defendant, or until the
4 clerk or the state treasurer is ordered by the court to disburse it. The
5 clerk of the court or the state treasurer is liable to the plaintiff for the
6 deposit or bond if it is lost or abstracted.

7 J. If the plaintiff elects to deposit the money or bond ~~in~~ WITH the
8 state ~~treasury~~ TREASURER, the state treasurer shall receive the money or bond
9 and return a receipt for the money or bond to the court, and the state
10 treasurer shall safely keep the deposit in a special fund to be entered on
11 the state treasurer's books as the condemnation fund. The state treasurer
12 shall invest and divest monies in the condemnation fund as provided by
13 section 35-313, and monies earned from investment shall be credited to the
14 fund. The state treasurer shall disburse the money deposited and, if
15 necessary, convert the investments to cash for the purpose of making the
16 disbursements or forfeit the bond as the court may direct pursuant to its
17 judgment. After satisfaction of the judgment in a condemnation action and
18 payment of any unpaid property taxes that were levied as of the date of the
19 order for immediate possession, including penalties and interest, on the
20 property sought to be condemned, the excess, if any, of the deposit made
21 regarding the action, including monies earned by the investment and
22 reinvestment of the deposit, shall be returned by the state treasurer to the
23 plaintiff by a warrant that the department of administration shall issue upon
24 direction of the state treasurer after having received a certified copy of
25 the judgment and without regard to provisions requiring the filing of a claim
26 against the state. Any monies remaining in the condemnation fund at the end
27 of the fiscal year do not revert to the state general fund.

28 K. If the plaintiff elects to deposit the money or bond with the clerk
29 of the court, the clerk shall receive the money or bond and return a receipt
30 for the money or bond to the court, and the clerk is liable to the plaintiff
31 if the money or bond is lost or abstracted. The clerk shall disburse the
32 money or forfeit the bond as the court may direct pursuant to its judgment.
33 Any money remaining in a deposit after the judgment of the court and all
34 unpaid property taxes that were levied as of the date of the order for
35 immediate possession, including penalties and interest, have been fully paid
36 shall be returned by the clerk to the plaintiff.

37 L. On application by any party, the court may order that money
38 deposited with the clerk of the court or the state treasurer be paid to any
39 owner, possessor or person having an interest in any parcel.

40 M. Subject to court approval, the parties may also stipulate any of
41 the following with any owner, occupant or possessor of any parcel:

42 1. To the amount of money that the plaintiff may deposit with the
43 clerk of the court or with the state treasurer for any owner, occupant or
44 possessor of any parcel.

1 2. To the amount of direct payment to any owner, occupant or possessor
2 of any parcel.

3 3. To the payment of money deposited with the clerk of the court or
4 the state treasurer to any owner, occupant or possessor of any parcel.

5 4. For the release of any bond on payment to any owner, occupant or
6 possessor of any parcel.

7 N. A person in interest for whom a deposit has been made pursuant to
8 stipulation for the person's withdrawal is entitled to interest on the amount
9 that the person is allowed to withdraw from the date the order for immediate
10 possession is signed by the court pursuant to subsection C of this section
11 until the date of withdrawal. This person is also entitled to interest on
12 that portion of the final judgment, exclusive of costs allowed by the court,
13 that exceeds the amount that is deposited for the person's withdrawal from
14 the date the order for immediate possession is signed by the court until the
15 judgment is paid. If the amount that is withdrawn by any defendant exceeds
16 the amount of the final judgment awarded the defendant inclusive of costs
17 allowed by the court and any unpaid property taxes that were levied as of the
18 date of the order for immediate possession, including penalties and interest,
19 on the property sought to be condemned, the defendant withdrawing the funds
20 immediately shall repay to the plaintiff the excess, with legal interest from
21 the date of withdrawal to the date of repayment, except that the amount that
22 is necessary to pay any unpaid property taxes that were levied as of the date
23 of the order for immediate possession, including penalties and interest, on
24 the property shall be paid to the county treasurer of the county in which the
25 property sought to be condemned is located.

26 O. Any stipulation that is made or any evidence that is introduced
27 pursuant to this section shall not be introduced in evidence or used to the
28 prejudice of any party in interest on the trial of the action.

29 Sec. 3. Section 15-1029, Arizona Revised Statutes, is amended to read:
30 15-1029. Rights of bondholder; additional state tax

31 A. If the board of supervisors fails to make the levy necessary to pay
32 school district bonds or interest coupons at maturity and such bonds or
33 coupons are presented to the county treasurer and payment is refused, the
34 owner may file the bond, together with all unpaid coupons, with the
35 department of administration, taking his receipt therefor. Such bonds and
36 coupons shall be registered with the department of administration.

37 B. The department of revenue shall add to the tax to be levied by the
38 school district which issued the bonds a sufficient rate to obtain the amount
39 of principal or interest past due prior to the next levy. The tax shall be
40 levied and collected as a part of the school district tax but shall be paid
41 ~~into~~ TO the state ~~treasury~~ TREASURER, shall be passed to the special credit
42 of the school district bond tax and shall, as payments mature, be paid by
43 warrants to the holder of registered obligations as shown by the register in
44 the department of administration until such obligations are fully satisfied

1 and discharged. Any balance then remaining shall be remitted to the general
2 account and credit of the school district.

3 Sec. 4. Section 15-1485, Arizona Revised Statutes, is amended to read:
4 15-1485. Monies of institution

5 No monies derived from the sale of bonds under ~~the provisions of~~ this
6 article shall be required to be paid ~~into~~ TO the state ~~treasury~~ TREASURER but
7 shall be deposited by the treasurer of the board in a separate bank account
8 or accounts in such bank or banks or trust company or trust companies as may
9 be designated by the board, and all deposits of such monies shall, if
10 required by the board, be secured by obligations of the United States of
11 America of a market value equal at all times to the amount of the deposit,
12 and all banks and trust companies are authorized to give such security. Such
13 monies shall be considered as held for and on behalf of the institution for
14 which the bonds have been issued. Such monies shall be disbursed as may be
15 directed by the board and in accordance with the terms of any agreements with
16 the holder or holders of any bonds. This section shall not be construed as
17 limiting the power of the board to agree in connection with the issuance of
18 the bonds as to the custody and disposition of the monies received from the
19 sale of such bonds or the income and revenue pledged and assigned to or in
20 trust for the benefit of the holder or holders thereof.

21 Sec. 5. Section 15-1688, Arizona Revised Statutes, is amended to read:
22 15-1688. Monies of the board

23 No monies derived from the sale of bonds issued under ~~the provisions of~~
24 this article or pledged or assigned to or in trust for the benefit of the
25 holder or holders of the bonds shall be required to be paid ~~into~~ TO the state
26 ~~treasury~~ TREASURER but shall be invested in obligations issued by or
27 guaranteed by the United States or any of the senior debt of its agencies,
28 sponsored agencies, corporations, sponsored corporations or
29 instrumentalities, or shall be deposited by the treasurer or other fiscal
30 officer of the board in such bank or banks or trust company or trust
31 companies as may be designated by the board, and all deposits of such monies
32 ~~shall~~, if required by the board, SHALL be secured by obligations of the
33 United States of a market value equal at all times to the amount of such
34 monies on deposit. Such monies shall be disbursed as may be directed by the
35 board and in accordance with the terms of any agreements with the holder or
36 holders of any bonds. This section shall not be construed as limiting the
37 power of the board to agree in connection with the issuance of any of its
38 bonds as to the custody and disposition of the monies received from the sale
39 of such bonds or from the income and revenues pledged or assigned to or in
40 trust for the benefit of the holder or holders of the bonds.

41 Sec. 6. Section 17-290, Arizona Revised Statutes, is amended to read:
42 17-290. Designation of fiscal agent and trustees; fees

43 A. The commission shall designate:

44 1. A fiscal agent to receive and administer on behalf of the
45 commission all monies to be paid into the conservation development fund. ~~—~~

1 2. Trustees to receive and administer on behalf of the commission all
2 monies to be paid into the bond proceeds funds. ~~,-~~

3 3. A trustee to receive and administer on behalf of the commission all
4 monies to be paid into the funds and accounts established by resolutions. ~~and~~

5 4. A fiscal agent to receive and administer on behalf of the
6 commission all monies to be paid into the capital improvement fund.

7 B. The designations in subsection A shall be made from banks or trust
8 companies authorized to do business in this state. A single bank or trust
9 company may act in more than one of the capacities described in this section.

10 C. Monies derived from the sale of bonds or pledged to the payment of
11 these bonds shall not be paid ~~into~~ TO the state ~~treasury~~ TREASURER but shall
12 be deposited by the commission's treasurer or other fiscal officer, fiscal
13 agent or trustee designated pursuant to this section in a separate bank
14 account designated by the commission. All deposits of these monies shall be
15 secured by obligations of the United States of America, of a market value
16 equal at all times to the amount of the deposit, and all banks and trust
17 companies may give such security. The monies shall be held for and on behalf
18 of the commission and the holders of any bonds. These monies shall be
19 disbursed as directed by the commission and according to the terms of any
20 agreements with the holder of any bonds. This section shall not be construed
21 as limiting the power of the commission to agree in connection with the
22 issuance of any of its bonds as to the custody and disposition of the monies
23 received from the sale of the bonds or the income and revenue pledged and
24 assigned to or interest for the benefit of the holder of the bonds.

25 D. The fees and expenses of the fiscal agent and trustees designated
26 pursuant to this section shall be paid from the conservation development fund
27 or the bond proceeds fund as directed by the commission.

28 Sec. 7. Section 23-1065, Arizona Revised Statutes, is amended to read:

29 23-1065. Special fund; purposes; investment committee

30 A. The industrial commission may direct the payment ~~into~~ TO the state
31 ~~treasury~~ TREASURER of not to exceed one and one-half per cent of all premiums
32 received by the state compensation fund and private insurance carriers during
33 the immediately preceding calendar year. The same percentage shall be
34 assessed against self-insurers based on the total cost to the self-insured
35 employer as provided in section 23-961, subsection J. Such assessments shall
36 be computed on the same premium basis as provided for in section 23-961,
37 subsections J, K, L, M and N and shall be no more than is necessary to keep
38 the special fund actuarially sound. Such payments shall be placed in a
39 special fund within the administrative fund to provide, at the discretion of
40 the commission, such additional awards as may be necessary to enable injured
41 employees to accept the benefits of any law of the state or of the United
42 States, or both jointly, for promotion of vocational rehabilitation of
43 persons disabled in industry.

1 B. In claims involving an employee who has a preexisting
2 industrially-related permanent physical impairment of the type specified in
3 section 23-1044, subsection B and who thereafter suffers an additional
4 permanent physical impairment of the type specified in such subsection, the
5 claim involving the subsequent impairment is eligible for reimbursement, as
6 provided by subsection D of this section, according to the following:

7 1. The employer in whose employ the subsequent impairment occurred or
8 its insurance carrier is solely responsible for all temporary disability
9 compensation to which the employee is entitled and for an amount equal to the
10 permanent disability compensation provided by section 23-1044, subsection B
11 for the subsequent impairment. If the employee is determined to have
12 sustained no loss of earning capacity after the medically stationary date,
13 the employer or carrier shall pay him as a vocational rehabilitation bonus
14 the amount calculated under this paragraph as a lump sum, which shall be a
15 credit against any permanent compensation benefits awarded in any subsequent
16 proceeding. The amount of the vocational rehabilitation bonus for which the
17 employer or carrier is responsible under this paragraph shall be calculated
18 solely on physical, medically rated permanent impairment and not on
19 occupational or other factors.

20 2. If the commission determines that the employee is entitled to
21 compensation for loss of earning capacity under section 23-1044, subsection C
22 or permanent total disability under section 23-1045, subsection B, the total
23 amount of permanent benefits for which the employer or carrier is solely
24 responsible under paragraph 1 of this subsection shall be expended first,
25 with monthly payments made according to the loss of earning capacity or
26 permanent total disability award. The employer or carrier and the special
27 fund are equally responsible for the remaining amount of compensation for
28 loss of earning capacity under section 23-1044, subsection C or permanent
29 total disability under section 23-1045, subsection B. This paragraph shall
30 not be construed as requiring payment of any benefits under section 23-1044,
31 subsection B in any case in which an employee is entitled to benefits for
32 loss of earning capacity under section 23-1044, subsection C or permanent
33 total disability benefits under section 23-1045, subsection B.

34 C. In claims involving an employee who has a preexisting physical
35 impairment which is not industrially-related and, whether congenital or due
36 to injury or disease, is of such seriousness as to constitute a hindrance or
37 obstacle to employment or to obtaining reemployment if the employee becomes
38 unemployed, and the impairment equals or exceeds a ten per cent permanent
39 impairment evaluated in accordance with the American medical association
40 guides to the evaluation of permanent impairment, and the employee thereafter
41 suffers an additional permanent impairment not of the type specified in
42 section 23-1044, subsection B, the claim involving the subsequent impairment
43 is eligible for reimbursement, as provided by subsection D of this section,
44 under the following conditions:

1 1. The employer in whose employ the subsequent impairment occurred or
2 its carrier is solely responsible for all temporary disability compensation
3 to which the employee is entitled.

4 2. The employer had knowledge of the permanent impairment at the time
5 the employee was hired, or that the employee continued in employment after
6 the employer acquired such knowledge.

7 3. The employee's preexisting impairment is due to one or more of the
8 following:

- 9 (a) Epilepsy.
- 10 (b) Diabetes.
- 11 (c) Cardiac disease.
- 12 (d) Arthritis.
- 13 (e) Amputated foot, leg, arm or hand.
- 14 (f) Loss of sight of one or both eyes or a partial loss of uncorrected
15 vision of more than seventy-five per cent bilaterally.
- 16 (g) Residual disability from poliomyelitis.
- 17 (h) Cerebral palsy.
- 18 (i) Multiple sclerosis.
- 19 (j) Parkinson's disease.
- 20 (k) Cerebral vascular accident.
- 21 (l) Tuberculosis.
- 22 (m) Silicosis.
- 23 (n) Psychoneurotic disability following treatment in a recognized
24 medical or mental institution.
- 25 (o) Hemophilia.
- 26 (p) Chronic osteomyelitis.
- 27 (q) Hyperinsulinism.
- 28 (r) Muscular dystrophies.
- 29 (s) Arteriosclerosis.
- 30 (t) Thrombophlebitis.
- 31 (u) Varicose veins.
- 32 (v) Heavy metal poisoning.
- 33 (w) Ionizing radiation injury.
- 34 (x) Compressed air sequelae.
- 35 (y) Ruptured intervertebral disk.

36 4. The employer or carrier and the special fund are equally
37 responsible for the amount of compensation for loss of earning capacity under
38 section 23-1044, subsection C or permanent total disability under section
39 23-1045, subsection B.

40 D. The employer or insurance carrier shall notify the commission of
41 its intent to claim reimbursement for an eligible claim under subsection B or
42 C of this section not later than the time the employer or insurance carrier
43 notifies the commission pursuant to section 23-1047, subsection A. Upon
44 receiving notice the commission may expend funds from the special fund
45 created by this section for travel and discovery procedures and for the

1 employment of such independent legal, medical, rehabilitation, claims or
2 labor market consultants or experts as may be deemed necessary by the
3 commission to assist in the determination of the liability of the special
4 fund, if any, under subsection B or C of this section. In the event there is
5 any dispute regarding liability to the special fund pursuant to subsection B
6 or C of this section, the commission shall not delay the issuance of a
7 permanent award pursuant to section 23-1047, subsection B.

8 E. If the special fund created by this section is determined to be
9 liable under either subsection B or C of this section, the employer or
10 insurance carrier which is primarily liable shall pay the entire amount of
11 the award to the injured employee and the commission shall by rule provide
12 for the reimbursement of the employer or insurance carrier on an annual
13 basis. In any case arising out of subsection B or C of this section, the
14 written approval of the special fund is required for the compromise of any
15 claim made pursuant to section 23-1023. In any such case, written approval
16 shall not be unreasonably withheld by the special fund, carrier, self-insured
17 employer or other person responsible for the payment of compensation.
18 Failure to obtain the written approval of the special fund shall not cause
19 the injured worker to lose any benefits but ends the special fund's liability
20 for reimbursement and makes the employer or carrier solely responsible for
21 the payment of the remaining benefits.

22 F. The employer or insurance carrier shall make its claim for
23 reimbursement to the commission no later than November 1 each year, for
24 payments made pursuant to subsection B or C of this section during the twelve
25 months prior to October 1 each year. Claims shall be paid before December 31
26 each year. If the total annual reserved liabilities of the special fund
27 obligated under subsections B and C of this section exceed six million
28 dollars, as determined by the annual actuarial study performed pursuant to
29 subsection I of this section, the commission, after notice and a hearing, may
30 levy an additional assessment under subsection A of this section of up to
31 one-half per cent to meet such liabilities. Any insurance carrier or
32 employer who may be adversely affected by the additional assessment may at
33 any time prior to the sixtieth day after such additional assessment is
34 ordered file a complaint challenging the validity of the additional
35 assessment in the superior court in Maricopa county for a judicial review of
36 the additional assessment. On judicial review the determination of the
37 commission shall be upheld if supported by substantial evidence in the record
38 considered as a whole.

39 G. In the event the injured employee is awarded additional
40 compensation, under subsection A of this section, the commission retains
41 jurisdiction to amend, alter or change the award upon a change in the
42 physical condition of the injured employee resulting from the injury.

43 H. On receiving notice that the special fund may be liable under this
44 chapter, the commission may spend monies from the special fund established by
45 this section for expenses that are necessary to assist in the processing,

1 payment or determination of liability of the fund. These expenses may
2 include travel, discovery procedures and employing any legal, medical,
3 rehabilitation, claims or labor market consultant, examiner or expert.

4 I. The commission shall cause an annual actuarial study of the special
5 award fund to be made by a qualified actuary who is a member of the society
6 of actuaries. The actuary shall make specific recommendations for
7 maintaining the fund on a sound actuarial basis. The actuarial study shall
8 be completed on or before September 1.

9 J. The special fund of the commission consists of all monies from
10 premiums and assessments, except penalties assessed pursuant to this chapter,
11 received and paid into the fund, property and securities acquired by the use
12 of monies in the fund, interest earned on monies in the fund and other monies
13 derived from the sale, use or lease of properties belonging to the fund. The
14 special fund created by this section shall be administered by the director of
15 the industrial commission, subject to the authority of the industrial
16 commission. The director of the commission with approval of the investment
17 committee, in the administration of the special fund, may provide loans,
18 subject to repayment, budgetary review and legislative appropriation, to the
19 administrative fund for the purposes and subject to section 23-1081, acquire
20 real property and acquire or construct a building or other improvements on
21 the real property as may be necessary to house, contain, furnish, equip and
22 maintain offices and space for departmental and operational facilities of the
23 commission. The commission when using space constructed pursuant to this
24 section shall make equal payments of rent on a semiannual basis which shall
25 be deposited in the special fund. The investment committee shall determine
26 the amount of the rent which must be at least equal to or greater than that
27 determined by the joint committee on capital review for buildings of similar
28 design and construction as provided by section 41-792.01.

29 K. There is established an investment committee consisting of the
30 director and the chairman of the commission and three persons knowledgeable
31 in investments and economics appointed by the governor. Of the members
32 appointed by the governor, one shall be a professional in the investment
33 business, one shall represent workers' compensation insurers and one shall
34 represent self-insurers. The term of members appointed by the governor is
35 three years which shall begin on July 1 and end on June 30 three years
36 later. The committee shall prescribe by rule investment policies and
37 supervise the investment activities of the special fund.

38 L. Each member of the investment committee, other than the director of
39 the commission, is eligible to receive from the special fund:

40 1. Compensation of fifty dollars for each day while in actual
41 attendance at meetings of the investment committee.

42 2. Reimbursement for expenses pursuant to title 38, chapter 4,
43 article 2.

44 M. The investment committee shall meet at least once every month.

1 N. The investment committee shall periodically review and assess the
2 investment strategy.

3 O. The investment committee, by resolution, may invest and reinvest
4 the surplus or reserves in the funds established under this chapter in any
5 legal investments authorized under section 38-719.

6 P. In addition to the investments authorized under section 38-719, the
7 investment committee may approve the investment in real property and
8 improvements on real property to house and maintain offices of the
9 commission, including spaces for its departmental and operational facilities.
10 Title to the real estate and improvements on the real estate vests in the
11 special fund of the commission, and the assets become part of the fund as
12 provided by this section.

13 Q. The investment committee may appoint a custodian for the
14 safekeeping of all or any portion of the investments owned by the special
15 fund of the commission and may register stocks, bonds and other investments
16 in the name of a nominee. Except for investments held by a custodian or in
17 the name of a nominee, all securities purchased pursuant to subsection O of
18 this section shall promptly be deposited with the state treasurer as
19 custodian thereof, who shall collect the dividends, interest and principal
20 thereof, and pay, when collected, into the special fund. The state treasurer
21 shall pay all vouchers drawn for the purchase of securities. The director
22 may sell any of the securities as the director deems appropriate, if
23 authorized by resolution of the investment committee, and the proceeds
24 therefrom shall be payable to the state treasurer for the account of the
25 special fund upon delivery of the securities to the purchaser or the
26 purchaser's agent.

27 Sec. 8. Section 35-131, Arizona Revised Statutes, is amended to read:
28 35-131. Accounting system; reports; notice of deficiency; forms

29 A. In accordance with generally accepted governmental accounting
30 principles, the department of administration shall develop and prescribe for
31 the use of all budget units a uniform accounting system so designed as to
32 ensure compliance with all legal and constitutional requirements including
33 those respecting the receipt and expenditure of and the accountability for
34 public monies.

35 B. The department of administration shall maintain complete, accurate
36 and current financial records relating to state monies and to other public
37 monies in the OFFICE OF THE state ~~treasury~~ TREASURER available to, encumbered
38 by or expended by each budget unit, including trust monies or other monies
39 not subject to appropriation, setting out all revenues, charges against all
40 funds, fund and appropriation balances, interfund transfers, outstanding
41 warrants and encumbrances, in a manner consistent with the uniform state
42 accounting system, for the preparation of statewide financial statements in
43 accordance with generally accepted governmental accounting principles.

1 C. Each month the department of administration shall prepare and
2 submit to the governor a report summarizing by budget unit and appropriation
3 or other fund source the above information in such form as will most clearly
4 and accurately set out the current fiscal condition of the state and shall
5 furnish to each budget unit a report of its transactions by appropriation or
6 other fund source in a form that will clearly and accurately show the fiscal
7 activity and condition of such appropriation or fund source.

8 D. The responsible official for each budget unit shall monitor reports
9 prepared pursuant to subsection C of this section to identify any projected
10 total deficiency for the budget unit fiscal year. On a determination of a
11 projected deficiency, the official shall take any action necessary to assure
12 continuing compliance with section 1-254 by notifying the governor, the
13 speaker of the house of representatives, the president of the senate and the
14 chairman of the joint legislative budget committee of the deficiency and the
15 reasons for the deficiency. The initial notification of the deficiency shall
16 be followed within ten business days by a report from the responsible budget
17 unit official that includes the following:

18 1. A complete explanation of the causes of the deficiency.

19 2. A plan that assures that the deficiency will be resolved within the
20 fiscal year without supplemental appropriation and that includes the policy
21 and programmatic implications of the deficiency and the plan.

22 3. A commitment to provide a progress report if the projected degree
23 of deficiency changes substantially. The report shall include additional
24 measures necessary to assure resolution of the deficiency within the fiscal
25 year.

26 E. On or before December 1 of each year, the director of the
27 department of administration shall submit to the governor a complete report
28 of the financial transactions of the preceding fiscal year and of the
29 financial condition of the state at the end of that year with such comments
30 and supplementary data as the director of the department of administration
31 deems necessary to make the report complete and readily understandable. The
32 report shall include all appropriated and nonappropriated monies in no less
33 detail than the state general fund.

34 F. On or before February 1 of each year, the director of the
35 department of administration and the state treasurer shall submit to the
36 joint legislative budget committee a report explaining any differences
37 between the department of administration's estimate of the previous fiscal
38 year's state general fund ending balance submitted pursuant to subsection E
39 of this section and the state treasurer's estimate of the invested balance
40 including the general fund share of that balance as of June 30 of the
41 previous fiscal year submitted pursuant to section 41-172.

42 G. In preparing the comprehensive annual financial report published in
43 accordance with ~~the~~ generally accepted accounting principles, the department
44 of administration shall include supplementary schedules that reconcile any
45 differences between the state general fund as reported in the comprehensive

1 annual financial report and the state general fund as reported in the annual
2 financial report required by subsection E of this section. This
3 reconciliation shall address revenues, expenditures and fund balances.

4 H. The director of the department of administration shall prescribe
5 uniform classifications for assets, liabilities, receipts and expenditures
6 and forms for the periodic reporting of financial accounts, transactions and
7 other matters by budget units compatible with the reports required of the
8 director of the department of administration under this section. Such
9 records and accounts shall be maintained and reconciled by budget units. If
10 required for reporting, the department of administration may establish or
11 delete funds and budget units may maintain additional records for reporting
12 to the federal government or other funding source.

13 I. Each organization that is included in the state's reporting entity
14 as defined by generally accepted accounting principles shall submit all
15 necessary financial statements or information to the department of
16 administration on a basis of accounting that is consistent with generally
17 accepted accounting principles and that is in accordance with the policies
18 and procedures of the department of administration.

19 Sec. 9. Section 35-141, Arizona Revised Statutes, is amended to read:

20 35-141. General fund; payment of salaries and expenses

21 The general fund consists of all money received ~~into~~ BY the state
22 ~~treasury~~ TREASURER except money designated by law for other statutory funds.
23 Salaries of state officers, salaries of deputies, assistants, clerks and
24 employees, and expenses incident to the offices thereof, shall be paid from
25 the general fund or the respective fund indicated when and as authorized in
26 the general appropriation act or any other appropriation enacted by the
27 legislature.

28 Sec. 10. Section 35-142, Arizona Revised Statutes, is amended to read:

29 35-142. Monies kept in funds separate from state general fund;
30 receipt and withdrawal

31 A. All monies received for and belonging to the state shall be
32 deposited ~~in~~ WITH the state ~~treasury~~ TREASURER and credited to the state
33 general fund except the following, which shall be placed and retained in
34 separate funds:

35 1. The unexpendable principal of monies received from federal land
36 grants shall be placed in separate funds and the account of each such
37 separate fund shall bear a title indicating the source and the institution or
38 purpose to which such fund belongs.

39 2. The interest, rentals and other expendable money received as income
40 from federal land grants shall be placed in separate accounts, each account
41 bearing a title indicating the source and the institution or purpose to which
42 the fund belongs. Such expendable monies shall be expended only as
43 authorized, regulated and controlled by the general appropriation act or
44 other act of the legislature.

1 3. All private or quasi-private monies authorized by law to be paid to
2 or held by the state treasurer shall be placed in separate accounts, each
3 account bearing a title indicating the source and purpose of such fund.

4 4. All monies legally pledged to retirement of building indebtedness
5 or bonds issued by those institutions authorized to incur such indebtedness
6 or to issue such bonds shall be placed in separate accounts.

7 5. Monies of a multi-county water conservation district authorized by
8 law to be paid to or held by the state treasurer shall be placed in separate
9 accounts, each account bearing a title indicating the source and purpose of
10 such fund.

11 6. All monies collected by the Arizona game and fish department shall
12 be deposited in a special fund known as the state game and fish protection
13 fund for the use of the Arizona game and fish commission in carrying out the
14 provisions of title 17.

15 7. All federal monies that are received by the department of economic
16 security for family assistance benefits and medical eligibility as a result
17 of efficiencies developed by the department of economic security and that
18 would otherwise revert to the state general fund pursuant to section 35-190
19 shall be retained for use by the department of economic security in
20 accordance with the terms and conditions imposed by the federal funding
21 source in an account or accounts established or authorized by the state
22 treasurer.

23 8. Monies designated by law as special state funds shall not be
24 considered a part of the general fund. Unless otherwise prescribed by law,
25 the state treasurer shall be the custodian of all such funds.

26 9. All monies received and any accounts established and maintained by
27 the director of the Arizona state retirement system or the fund manager of
28 the public safety personnel retirement system, the corrections officer
29 retirement plan and the elected officials' retirement plan.

30 B. No money shall be received or held by the state treasurer except as
31 authorized by law, and in every instance the treasurer shall issue a receipt
32 for money received and shall record the transaction in the statewide
33 accounting system. No money shall be withdrawn from the ~~treasury~~ OFFICE OF
34 THE STATE TREASURER except upon the warrant or electronic funds transfer
35 voucher of the department of administration.

36 C. All federal monies granted and paid to the state by the federal
37 government shall be accounted for in the accounts or funds of the state in
38 the necessary detail to meet federal and state accounting, budgetary and
39 auditing requirements, and all appropriations for matching such federal
40 monies shall be transferred from the general fund to such separate funds as
41 needed, except as otherwise required by the federal government.

42 D. Nothing in this section requires the establishment of separate
43 accounts or funds for such federal monies unless otherwise required by
44 federal or state law. The department of administration has the authority to

1 use the most efficient system of accounts and records, consistent with legal
2 requirements and standard and necessary fiscal safeguards.

3 E. Nothing in this section precludes the creation by the department of
4 administration of a clearing account or other acceptable accounting method to
5 effect prompt payment of claims from an approved budget or appropriation.
6 The department of administration shall report each account or fund
7 established or cancelled to the directors of the joint legislative budget
8 committee and the governor's office of strategic planning and budgeting.

9 F. Nothing in this section or any other section precludes the use of
10 monies kept in funds separate from the general fund, the interest from which
11 accrues to the general fund, for payment of claims against the general fund,
12 provided sufficient monies remain available for payment of claims against
13 such funds.

14 G. The department of administration may issue warrants for qualified
15 expenditures of federal program monies before they are deposited ~~in~~ WITH the
16 state ~~treasury~~ TREASURER. The receipt of federal monies shall be timed to
17 coincide, as closely as administratively feasible, with the redemption of
18 warrants by the state treasurer. The department of administration shall
19 limit expenditures to the amount that has been made available for the use
20 under the grant award by the federal government. The state agency initiating
21 the expenditures is responsible for ensuring that expenditures qualify for
22 coverage under the guidelines of the federal grant award.

23 H. The department of administration shall establish the policies and
24 procedures for all state agencies for drawing federal monies. When the
25 established method results in federal monies being held by this state, the
26 department of administration may use the interest earned on the monies to pay
27 the federal government for any related interest liability. If an interest
28 liability is incurred due to a state agency varying from the established
29 policies and procedures, the department of administration shall charge the
30 appropriate agency account or fund. Interest payment charges to agencies
31 shall be reported by the department of administration to the joint
32 legislative budget committee on or before March 1. Any federal interest
33 liability owed to this state as a result of the delayed federal disbursements
34 shall be used to offset this state's interest liability to the federal
35 government. Any remaining interest earnings shall be deposited in the state
36 general fund.

37 I. Any state agency or authorized agent of a state agency may accept
38 credit cards pursuant to an agreement entered into by the state treasurer
39 pursuant to section 35-315 for the payment of any amount due to that agency
40 or agent or this state.

41 J. Except for the department of revenue for tax payments, agencies or
42 authorized agents on behalf of state agencies that accept credit cards shall
43 deduct any applicable discount fee and processing fee associated with the
44 transaction amount before depositing the net amount in the appropriate state
45 fund. No other reduction is permitted against the transaction amount. The

1 net amount deposited in the appropriate state fund shall be considered as the
2 full deposit required by law of monies received by the agency or the
3 authorized agent. Payment of any applicable discount fee and processing fee
4 shall be accounted for in the annual report submitted to the governor's
5 office of strategic planning and budgeting in accordance with section
6 41-1273. The transaction amount of any credit card transaction shall not be
7 reduced by any discount fee or processing fee in an amount in excess of the
8 merchant card settlement fees reflected in the state banking contract with
9 the state treasurer's office.

10 K. Any state agency that contracts with an authorized agent for the
11 electronic processing of transactions pursuant to title 41, chapter 23 may
12 include a provision in the contract to allow the authorized agent to impose a
13 convenience fee. If allowed, the convenience fee shall be charged to the
14 cardholder in addition to the transaction amount, except for the following:

15 1. Except as provided in subsection R of this section, any permits,
16 licenses or other authorizations needed to pursue a trade or occupation in
17 this state.

18 2. Except as provided in subsection R of this section, any permits,
19 licenses or other authorizations needed to establish, expand or operate a
20 business in this state.

21 3. Except as provided in subsection R of this section, any permits,
22 licenses or other authorizations needed to register a vehicle or license a
23 driver in this state.

24 L. Each state agency or its authorized agent shall:

25 1. Deduct the amount of the convenience fee before depositing the
26 transaction amount or the transaction amount reduced by the discount fee or
27 the processing fee, or both, into the appropriate state fund.

28 2. Not deduct any part of the convenience fee from the transaction
29 amount before depositing the net amount into the appropriate state fund.

30 3. Deduct the amount of the discount fee or the processing fee, or
31 both, from the transaction amount before depositing the net amount into the
32 appropriate state fund.

33 M. The net amount deposited in the appropriate state fund pursuant to
34 subsection K or subsection L of this section shall be considered as the full
35 deposit of monies that is required by law and that is received by the agency.

36 N. Notwithstanding section 35-142.01, convenience fees received by a
37 state agency or its authorized agent are limited to, and may be used to
38 offset, the costs imposed by the authorized agent in processing the
39 transactions.

40 O. When the percentage of electronic transactions first exceeds at
41 least thirty per cent of a state agency's total transactions, the state
42 agency shall perform a cost benefit report, including costs of convenience
43 fees, the amount of revenue generated and any realized cost savings. The
44 state agency shall submit the cost benefit report to the joint legislative

1 budget committee within six months after reaching the thirty per cent
2 threshold.

3 P. State agencies shall report the number of transactions, the number
4 of electronic transactions, the total dollar amount of transactions
5 processed, the total dollar amount of any discount fee, the total dollar
6 amount of any processing fee and the total dollar amount of any convenience
7 fee charged, deducted or paid pursuant to subsections J and K of this section
8 annually by October 1 to the governor, the government information technology
9 agency and the joint legislative budget committee.

10 Q. Nothing in this section or any other provision of law authorizes
11 any state agency, authorized agent of any state agency or budget unit to
12 establish a bank account for any government monies. All monies received by
13 or on behalf of this state shall be deposited with and in the custody of the
14 state treasurer or in an account that is authorized by the state treasurer
15 pursuant to this section. This subsection does not apply to monies received
16 and any accounts established and maintained by the director of the Arizona
17 state retirement system or the fund manager of the public safety personnel
18 retirement system, the corrections officer retirement plan and the elected
19 officials' retirement plan.

20 R. If a state agency provides an alternative method of payment, the
21 convenience fee may be charged to the cardholder in addition to the
22 transaction amount.

23 Sec. 11. Section 35-185, Arizona Revised Statutes, is amended to read:
24 35-185. Disbursements of monies

25 A. All warrants and electronic funds transfer vouchers of the
26 department of administration issued pursuant to this chapter shall constitute
27 full and sufficient authority for the state treasurer to disburse public
28 monies in the amount set forth on the face of the warrant or electronic funds
29 transfer voucher. The state treasurer shall issue a check on a state
30 depository bank or authorize the transfer of monies by the state depository
31 bank in payment of the warrants and vouchers. The director of the department
32 of administration shall credit the state treasurer with the amount of all
33 warrants or electronic funds transfer vouchers retired or paid ~~by him~~. If no
34 monies are available for payment of such warrants or electronic funds
35 transfer vouchers, the state treasurer shall issue in lieu of payment a
36 treasurer's warrant note or notes as provided in section 35-185.01.

37 B. Money shall not be withdrawn from the ~~treasury~~ OFFICE OF THE STATE
38 TREASURER for any purpose unless for the payment of warrants and electronic
39 funds transfer vouchers issued by the director of the department of
40 administration or for the payment of treasurer's warrant notes.

41 C. This chapter shall not be construed to apply to withdrawals of
42 monies from state depository banks for immediate redeposit into other state
43 depository banks.

1 Sec. 12. Section 35-187, Arizona Revised Statutes, is amended to read:
2 35-187. Warrants: limitation on payment

3 A warrant ~~upon~~ ON THE OFFICE OF the state ~~treasury~~ TREASURER shall not
4 be paid unless presented to the state treasurer for payment prior to the void
5 date printed on the face of the warrant. Any warrant that includes federal,
6 trust or donated monies held for the payment of void warrants shall be
7 transferred or reverted to the fund from which it was drawn. All other
8 monies held for the payment of void warrants are deemed property presumed
9 abandoned under section 44-302, subsection A, paragraph 11 and shall be
10 transmitted to the department of revenue on a monthly basis. For purposes of
11 this section and title 44, chapter 3, a warrant does not include a state
12 issued check for support as defined in section 25-500 or for spousal
13 maintenance.

14 Sec. 13. Section 35-196.02, Arizona Revised Statutes, is amended to
15 read:

16 35-196.02. Use of public funds for abortion prohibited;
17 exception

18 Notwithstanding any provisions of law to the contrary, no public funds
19 nor tax monies of this state or any political subdivision of this state nor
20 any federal funds passing through the OFFICE OF THE state ~~treasury~~ TREASURER
21 or the treasury of any political subdivision of this state may be expended
22 for payment to any person or entity for the performance of any abortion
23 unless an abortion is necessary to save the life of the woman having the
24 abortion.

25 Sec. 14. Section 35-196.03, Arizona Revised Statutes, is amended to
26 read:

27 35-196.03. Refunds for invalid tax laws; appropriation required

28 Notwithstanding any provision of law to the contrary, no monies may be
29 paid from the state ~~treasury~~ TREASURER to refund monies collected under a law
30 imposing a tax if the law is declared invalid by a final judgment of a court
31 of competent jurisdiction until the legislature has made a specific
32 appropriation for that purpose after the judgment has become final.

33 Sec. 15. Section 35-196.04, Arizona Revised Statutes, is amended to
34 read:

35 35-196.04. Use of public monies for human cloning; prohibition;
36 definition

37 A. Notwithstanding any other law, tax monies of this state or any
38 political subdivision of this state, federal monies passing through the
39 OFFICE OF THE state ~~treasury~~ TREASURER or the treasury of any political
40 subdivision of this state or any other public monies shall not be used by any
41 person or entity, including any state funded institution or facility, for
42 human somatic cell nuclear transfer, commonly known as human cloning.

43 B. This section does not restrict areas of scientific research that
44 are not specifically prohibited by this section, including research in the
45 use of nuclear transfer or other cloning techniques to produce molecules,

1 deoxyribonucleic acid, cells other than human embryos, tissues, organs,
2 plants or animals other than humans.

3 C. For the purposes of this section, "human somatic cell nuclear
4 transfer" means human asexual reproduction that is accomplished by
5 introducing the genetic material from one or more human somatic cells into a
6 fertilized or unfertilized oocyte whose nuclear material has been removed or
7 inactivated so as to produce an organism, at any stage of development, that
8 is genetically virtually identical to an existing or previously existing
9 human organism.

10 Sec. 16. Section 35-310, Arizona Revised Statutes, is amended to read:

11 35-310. Definitions

12 In this article, unless the context otherwise requires:

13 1. "Eligible depository" means any commercial or savings bank or
14 savings and loan association with its principal place of business in the
15 United States which is insured by the federal deposit insurance corporation
16 or any successor, or any other insuring instrumentality of the United States,
17 in accordance with the applicable law of the United States or credit union
18 which is insured by the national credit union administration.

19 2. "Operating monies" means those treasury monies the interest from
20 which is paid to the state general fund.

21 3. "Permanent endowment funds" means those funds or any part of a
22 fund, established by law, to retain trust monies, not wholly expendable by
23 the beneficiary on a current basis.

24 4. "~~Treasury~~ TREASURER monies" means all monies in the ~~treasury of~~
25 ~~this state~~ OFFICE OF THE STATE TREASURER or coming lawfully into the
26 possession or custody of the state treasurer.

27 5. "Trust monies" means ~~treasury~~ TREASURER monies, other than
28 operating monies, that are entrusted to the state treasurer for preservation
29 and investment.

30 Sec. 17. Section 35-311, Arizona Revised Statutes, is amended to read:

31 35-311. State board of investment: membership: powers and
32 duties

33 A. A state board of investment is established consisting of the state
34 treasurer, the director of the department of administration, the
35 superintendent of financial institutions and two individuals appointed by the
36 state treasurer, one of whom shall have verifiable expertise in investment
37 management and one of whom shall represent a public entity with current
38 deposits in a local government investment pool. The state treasurer shall be
39 chairman of the board. The board shall keep an accurate record of its
40 proceedings. A certified copy of the record is prima facie evidence of the
41 matters appearing in the record in any court. A meeting of the board may be
42 called at any time by the chairman or a majority of the board members.

43 B. The state board of investment shall:

44 1. Hold regular monthly meetings.

45 2. Review investments of ~~treasury~~ TREASURER monies.

1 3. Serve as trustees of the permanent state land funds and provide
2 management of the assets of the funds consistent with the requirements of
3 article X, section 7, Constitution of Arizona.

4 C. The state treasurer shall furnish to the board of investment at its
5 regular monthly meeting a report of the performance of current investments
6 and a report of the current investments as of the close of business of the
7 preceding month. The state treasurer shall make these reports available for
8 inspection by the public during normal working hours at the office of the
9 state treasurer for a period of time of not less than two years after the
10 date of the report.

11 D. The board of investment may order the state treasurer to sell any
12 of the securities, and any order shall specifically describe the securities
13 and fix the time period during which they are to be sold. Securities so
14 ordered to be sold shall be sold for cash by the state treasurer at the
15 current market price. The state treasurer and the members of the board are
16 not accountable for any loss occasioned by sales of securities at prices
17 lower than their book value. Any loss shall be charged against earnings
18 received from interest or capital gains on the applicable ~~treasury~~ TREASURER
19 monies.

20 E. The board may establish standards in addition to those established
21 by section 35-317, subsection A for the qualification of agents acting
22 pursuant to section 35-317, subsection B.

23 Sec. 18. Section 35-312, Arizona Revised Statutes, is amended to read:
24 35-312. Eligible depositories; collateral

25 A. Any eligible depository that receives an investment or any deposit
26 of ~~treasury~~ TREASURER monies in excess of the amount insured by an
27 instrumentality of the United States shall collateralize those deposits with
28 any of the following:

29 1. Securities listed in section 35-313, subsection A, paragraphs 1
30 and 3.

31 2. State treasurer's warrant notes.

32 3. The safekeeping receipt of a federal reserve bank or any bank
33 located in a reserve city, or any bank authorized to do business in this
34 state, whose combined capital, surplus and outstanding capital notes and
35 debentures on the date of the safekeeping receipt are one hundred million
36 dollars or more, evidencing the deposit therein of any securities or
37 instruments described in this section. A safekeeping receipt shall not
38 qualify as security, if issued by a bank to secure its own public deposits,
39 unless issued directly through its trust department. The safekeeping receipt
40 shall show upon its face that it is issued for the account of the state
41 treasurer and shall be delivered to the state treasurer.

42 B. The securities, warrants or safekeeping receipt for those items
43 shall be accepted at market value equal to one hundred two per cent of the
44 deposit liability to the state treasurer, and, if at any time their market
45 value becomes less than one hundred two per cent of the deposit liability to

1 the state treasurer, additional items required to guarantee deposits shall be
2 deposited immediately with the state treasurer by the eligible depository.
3 When items pledged as collateral mature or are called for redemption, the
4 cash received for the item shall be held in place of the items until the
5 eligible depository has obtained a written release or provided substitute
6 securities, instruments or warrants.

7 C. The deposit of securities, warrants or a safekeeping receipt must
8 be such that the eligible depository will promptly pay to the state treasurer
9 monies in its custody, upon lawful demand, and will, when required by law,
10 pay the monies to the state treasurer.

11 D. The securities, warrants or safekeeping receipt of an eligible
12 depository shall be deposited with the state treasurer, and the state
13 treasurer is the custodian of those items. The state treasurer may then
14 deposit with the eligible depository monies then in his possession in
15 accordance with this article.

16 E. Eligible depositories shall report to the state treasurer monthly
17 and upon demand the par and market value of any pledged collateral and the
18 total deposits of the state treasurer.

19 Sec. 19. Section 35-313, Arizona Revised Statutes, is amended to read:

20 35-313. Investment of trust and treasurer monies; loan of
21 securities

22 A. The state treasurer shall invest and reinvest trust and ~~treasury~~
23 **TREASURER** monies in any of the following items:

24 1. Obligations issued or guaranteed by the United States or any of its
25 agencies, sponsored agencies, corporations, sponsored corporations or
26 instrumentalities.

27 2. Collateralized repurchase agreements purchased from securities
28 dealers that make markets in those securities listed in paragraph 1 of this
29 subsection.

30 3. Bonds or other evidences of indebtedness of this state or any of
31 the counties or incorporated cities, towns or duly organized school
32 districts.

33 4. Commercial paper whose issuer is rated in one of the two highest
34 rating categories for short-term obligations by any two nationally recognized
35 statistical rating organizations.

36 5. Bills of exchange or time drafts known as bankers acceptances which
37 are drawn on and accepted by a commercial bank.

38 6. Negotiable certificates of deposit issued by a nationally or state
39 chartered bank or savings and loan association.

40 7. Bonds, debentures, notes or other evidences of indebtedness which
41 are issued by entities organized and doing business in the United States and
42 which carry as a minimum one of the Baa ratings of Moody's investors service
43 or one of the BBB ratings of Standard and Poor's rating service or their
44 successors.

1 8. Securities of or any other interests in any open-end or closed-end
2 management type investment company or investment trust registered under the
3 investment company act of 1940 (54 Stat. 789; 15 United States Code sections
4 80a-1 through 80a-64), as amended, if both of the following apply:

5 (a) The investment company or investment trust takes delivery of the
6 collateral for any repurchase agreement either directly or through an
7 authorized custodian.

8 (b) The investment policy of the investment company or investment
9 trust includes seeking to maintain a constant share price.

10 9. Certificates of deferred property taxes as provided by section
11 42-17309.

12 10. Treasurer's warrant notes issued pursuant to section 35-185.01 or
13 registered warrants of a county issued pursuant to section 11-605, if the
14 yield is equal to or greater than yields on eligible investment instruments
15 of comparable maturities.

16 11. Shares in the treasurer's local government investment pools
17 provided that investment policies of the pool seek to maintain a constant
18 share price.

19 12. Subject to subsection D of this section, state transportation board
20 funding obligations delivered pursuant to section 28-7678.

21 13. Certificates of deposit purchased in accordance with the procedures
22 prescribed in section 35-323.01.

23 B. In case of default or failure to honor a county treasurer's
24 warrant, the state treasurer may withhold the first state shared revenues
25 that would otherwise be distributed to the defaulting county in the amount
26 necessary to honor the note including accrued interest to and beyond the date
27 of default.

28 C. The state treasurer may contract to loan securities owned by the
29 trust funds and operating monies deposited in the investment pools pursuant
30 to section 35-316, subsection B to the financial or dealer community through
31 one or more of the entities listed in section 35-317, subsection A, or
32 authorized by the board of investment pursuant to section 35-311, subsection
33 E, if the borrower transfers collateral to the state treasurer or acting
34 agent of the state in the form of cash or securities specified in subsection
35 A of this section. Collateral posted in the form of cash shall be in an
36 amount equal to at least one hundred per cent of the market value of the
37 loaned securities as agreed. Collateral posted in the form of securities
38 shall be in an amount of no more than one hundred ten per cent of the market
39 value of the loaned securities as established from time to time by the board
40 of investment. The loaned securities shall be valued as to market value
41 daily, and, if necessary, the borrower shall post additional collateral, as
42 agreed, to ensure that the required margin is maintained. The state
43 treasurer may collect from the borrower all dividends, interest, premiums,
44 rights and other distributions to which the lender of securities would
45 otherwise be entitled. The state treasurer may terminate the contract on not

1 less than five business days' notice, as agreed, and the borrower may
2 terminate the contract on not less than two business days' notice, as agreed.

3 D. The state treasurer shall invest operating monies in state
4 transportation board funding obligations delivered pursuant to section
5 28-7678 pursuant to the following:

6 1. The state treasurer shall liquidate investments of operating monies
7 if necessary in order to invest in state transportation board funding
8 obligations, except that if operating monies in the state general fund fall
9 below an eight hundred million dollar average over the previous twelve
10 consecutive months, the state treasurer is not required to purchase state
11 transportation board funding obligations pursuant to this subsection.

12 2. Each series of state transportation board funding obligations shall
13 bear interest at a fixed interest rate equal to the mean bid-ask price of the
14 United States treasury obligation with a maturity date closest to the
15 maturity date of the state transportation board funding obligation as
16 published most recently in the Wall Street Journal before the date the state
17 treasurer receives a certificate from the state transportation board that
18 states the board's determination to deliver an obligation to the state
19 treasurer and the anticipated delivery date of the obligation. The delivery
20 date shall be between fifteen and sixty days after the day the state
21 treasurer receives the certificate.

22 3. The state treasurer shall provide written notice to the state
23 transportation board and the director of the department of transportation
24 when the operating monies fall below four hundred million dollars. If
25 operating monies fall below two hundred million dollars, the state treasurer
26 may call the investment in the state transportation board funding obligations
27 in twenty-five million dollar increments up to the amount that the operating
28 monies are below two hundred million dollars. The state treasurer shall give
29 the state transportation board and the director of the department of
30 transportation at least fifteen days' notice of the call.

31 Sec. 20. Section 35-317, Arizona Revised Statutes, is amended to read:
32 35-317. State treasurer; duties; safekeeping of securities;
33 interest; exemptions; responsibilities

34 A. The state treasurer is responsible for the safekeeping of all
35 securities acquired by him under this article and those for which he is the
36 lawful custodian. Securities may be deposited for safekeeping with any bank
37 eligible to be the state servicing bank pursuant to section 35-315 or any
38 trust company or trust department of any bank qualified to do business in
39 this state.

40 B. The state treasurer may at the expense of the state enter into an
41 agreement with any of those entities listed in subsection A of this section
42 or authorized by section 35-311, subsection E for the safekeeping and
43 handling of securities. The agreement shall be entered into under terms and
44 conditions which secure the proper safeguarding, inventory, withdrawal and
45 handling of the securities and lending of securities to the financial or

1 dealer community pursuant to section 35-313, subsection C. Access to
2 deposits or withdrawals of the securities from any place of deposit selected
3 by the officers shall not be permitted or made except as the terms of the
4 agreement provide. The agreement need not require that securities be
5 physically located in this state, if the securities are represented by
6 safekeeping receipts issued for the account of the state treasurer by a
7 federal reserve bank or any bank located in a reserve city whose combined
8 capital and surplus on the date of the safekeeping receipt are ten million
9 dollars or more.

10 C. The state treasurer shall regularly account for, itemize and
11 inventory according to general public fund accounting practices all
12 securities coming lawfully into his possession. Such practice shall be
13 audited by the auditor general at the time of the regular audit as prescribed
14 by law.

15 D. When securities acquired under this article mature and become due
16 and payable, the state treasurer shall present them for payment according to
17 their terms and collect the monies payable on them. The monies collected
18 shall be treated as ~~treasury~~ TREASURER monies subject to reinvestment under
19 the appropriate section of this article.

20 E. Interest and appreciation realized on any investment authorized by
21 this article shall be collected by the state treasurer and credited by him in
22 accordance with general public fund accounting practices.

23 F. All interest realized on any investment of ~~treasury~~ TREASURER
24 monies not otherwise apportioned by law shall be credited to the general fund
25 of this state.

26 G. The investment of ~~treasury~~ TREASURER monies as provided in this
27 article is exempt from the provisions of section 35-142, subsection B and
28 sections 35-154, 35-181.01, 35-181.02, 35-182 through 35-185, 35-185.01,
29 35-185.02, 35-186 through 35-192, 35-192.01, 35-192.02, 35-193, 35-193.02 and
30 41-732.

31 H. The state treasurer is responsible for the safekeeping, management
32 and disbursement of any investment made and any interest received in
33 compliance with this article.

34 Sec. 21. Section 35-318, Arizona Revised Statutes, is amended to read:

35 35-318. Investment managers and advisors; treasurer monies;
36 investment services account

37 A. The state treasurer may enter into an agreement with investment
38 managers to invest ~~treasury~~ TREASURER monies or with advisors to recommend
39 investment strategies or tactics for the investment of ~~treasury~~ TREASURER
40 monies. Qualification and selection of investment managers or advisors
41 pursuant to this section are exempt from title 41, chapter 23 but must be
42 conducted by a process that is substantially equivalent to procedures
43 prescribed by title 41, chapter 23. Managers or advisors who enter into a
44 contract pursuant to this section shall be paid from earnings on investments.
45 A contract established pursuant to this section may be annually renewable but

1 shall be limited to a period of not more than three years. A contract may be
2 cancelled by the treasurer with forty-five days' written notice.

3 B. An agreement established pursuant to subsection A of this section
4 shall require the investment manager to regularly account for, itemize and
5 inventory all securities under management consistent with the requirements of
6 section 35-317, subsections C, D and E and report the findings to the state
7 treasurer at least monthly or on demand.

8 C. The state treasurer shall maintain an investment services account
9 consisting of all monies for payment of contractual financial services
10 authorized by this section. The account shall consist of monies apportioned
11 from the investment earnings of assets under management that are necessary
12 for the payment of current contractual obligations.

13 D. Expenditures for investment management and advisory fees required
14 by contract pursuant to subsection A of this section shall be paid on
15 approval of the state treasurer from the investment services account
16 established by subsection C of this section.

17 Sec. 22. Section 35-321, Arizona Revised Statutes, is amended to read:

18 35-321. Definitions

19 In this article, unless the context otherwise requires:

20 1. "Agency pool participant" means a subdivision or an entity of a
21 subdivision that has monies maintained by the treasurer and that has the
22 authority to draw negotiable instruments on the treasurer or make other
23 disbursements from monies that the treasurer holds for the subdivision or
24 entity.

25 2. "Board of deposit" means, in the case of a county, the board of
26 supervisors, and in the case of a city or town, the board of trustees or
27 common council.

28 3. "Capital structure" means the amount of the capital of the eligible
29 depository shown by the latest call statement of condition as defined by rule
30 of the superintendent of financial institutions for the purpose of
31 administration of this article.

32 4. "Collecting entity" means the entity from which the treasurer
33 receives general funding including the county for collections performed by a
34 county treasurer, the city for collections performed by a city treasurer or
35 the district for collections performed by a district treasurer.

36 5. "Eligible depository" means any:

37 (a) Commercial or savings bank or savings and loan association having
38 either a branch in this state or its principal place of business in this
39 state and insured by the federal deposit insurance corporation or its
40 successor or any other insuring instrumentality of the United States
41 according to the applicable federal law.

42 (b) Credit union that is insured by the national credit union
43 administration or its successor.

1 6. "Involuntary pool participant" means a subdivision that only
2 receives the principal ratio of the monies collected, for which the principal
3 monies are mandated to be distributed on a specific date and for which the
4 interest earned on the monies between the time of collection and other
5 statutory requirements reverts to the general fund of the collecting entity.

6 7. "Permissible rate of interest" means a rate of interest which an
7 eligible financial institution is permitted to pay by state or federal law or
8 valid state rules or federal regulations.

9 8. "Public deposit" means public monies deposited in an eligible
10 depository pursuant to this article.

11 9. "Public monies" includes subdivision monies.

12 10. "State monies" means all monies in the ~~treasury of this state~~
13 OFFICE OF THE STATE TREASURER or coming lawfully into the possession or
14 custody of the state treasurer.

15 11. "Subdivision" means any county, noncharter city or town. Cities
16 governed by charter have the option of operating under this article.

17 12. "Subdivision monies" means all monies in the treasury of a
18 subdivision or coming lawfully into the possession or custody of the
19 treasurer.

20 13. "Treasurer" includes the treasurer or officer exercising the
21 functions of treasurer of any subdivision but excludes the state treasurer.

22 14. "Trust funds" means those monies entrusted to a public body or
23 official for preservation and investment, as prescribed by the instrument
24 establishing such funds.

25 Sec. 23. Section 35-402, Arizona Revised Statutes, is amended to read:

26 35-402. Issuance of bonds

27 When the legislature has made appropriations for any fiscal year as
28 authorized by law, and when ad valorem and excise taxes sufficient to produce
29 funds to pay such appropriations have been levied, if the loan commissioners
30 of the state ascertain that the proceeds of the taxes levied will not be
31 received in the OFFICE OF THE state ~~treasury~~ TREASURER in time to pay in cash
32 the expenses provided for by such appropriations, they may anticipate the
33 collection of such taxes by issuing and selling bonds designated as "state of
34 Arizona tax anticipation bonds".

35 Sec. 24. Section 35-404, Arizona Revised Statutes, is amended to read:

36 35-404. Amount of bonds; limitation

37 The total amount of tax anticipation bonds, including both principal
38 and interest, shall not exceed fifty per cent of the ad valorem taxes, plus
39 fifty per cent of the state's portion of excise taxes as estimated by the
40 department of revenue, for the years recited in the bonds, uncollected and
41 not in the OFFICE OF THE state ~~treasury~~ TREASURER at the time of issuance of
42 the bonds.

1 Sec. 25. Section 35-427, Arizona Revised Statutes, is amended to read:
2 35-427. Tax levy for amortization of bonds; determination of
3 tax rate; additional levy; application of monies;
4 violation; penalty

5 A. There shall be levied annually upon the taxable property in this
6 state, in addition to other levies, an amount sufficient to pay the interest
7 on all bonds issued under ~~the provisions of~~ this article, to be placed in the
8 OFFICE OF THE state ~~treasury~~ TREASURER in the interest fund. Each year after
9 such bonds have been issued, an additional amount shall be levied annually
10 sufficient to pay four per cent of the total amount issued, until all the
11 bonds are paid and discharged, and the amount shall be placed in the state
12 redemption fund as collected.

13 B. The director of the department of administration shall determine
14 the rate of tax to be levied for the purpose provided in subsection A in the
15 different counties in the state and certify the rate to the boards of
16 supervisors in each county. The boards of supervisors shall enter such rate
17 on the assessment rolls as other taxes. If any county is or becomes
18 delinquent in the payment of such taxes, the board of supervisors shall,
19 before the next levy, prorate such delinquencies and make such additional
20 levy, in addition to the current annual rate certified to it by the director
21 of the department of administration necessary to pay the interest and
22 principal of such bonds on maturity. The director of the department of
23 administration may reconvene the board of supervisors for the purpose of
24 entering such rate or additional rate or levy or additional levy as the
25 director certifies. The county, district or municipal treasurer shall, on or
26 before June 1 each year, pay to the state treasurer the total amount so
27 certified to the board of supervisors, whether or not the whole amount has
28 been collected.

29 C. The money derived from such taxes shall be paid ~~into~~ TO THE OFFICE
30 OF the state ~~treasury~~ TREASURER and shall be applied, first, to the payment
31 of the interest on the bonds issued under this article and, second, to the
32 payment of the principal of such bonds. Whenever sufficient funds accrue to
33 the credit of the state, the loan commissioners may direct the state
34 treasurer to call such bonds for payment, if the call is optional.

35 D. Any interest earned by monies in the redemption fund shall be
36 credited to the state, county, district or municipality in proportion to the
37 amount paid into the fund by the state, or such county, district or
38 municipality.

39 E. Any money remaining in the interest fund after payment of interest,
40 and any money remaining in the redemption fund after all of the bonds have
41 been paid and discharged, shall be returned by the treasurer to the county,
42 district or municipality remitting such money.

43 F. If the board of supervisors refuses or omits to enter and levy the
44 rate of tax as certified to it by the joint legislative tax committee or the
45 director of the department of administration, or refuses or omits to do any

1 act required by this article, the members thereof are guilty of nonfeasance
2 in office and are individually liable on their bonds for the total amount so
3 omitted, and the attorney general, upon being informed of such refusal, shall
4 commence an action against such officials and their sureties.

5 Sec. 26. Section 35-428, Arizona Revised Statutes, is amended to read:
6 35-428. Redemption of bonds; notice; record of bonds redeemed

7 A. When, after the expiration of fifteen years from the date of
8 issuance of any bonds, there is in the redemption fund a surplus of ten
9 thousand dollars or more, the state treasurer shall advertise, in the same
10 manner as required for bids for the sale of bonds, stating the amount of
11 money in the redemption fund, and that such amount has been set apart to pay
12 and discharge a certain number of bonds, naming them by number in the order
13 of their issuance. A copy of such advertisement shall be mailed to each bank
14 or trust company at which the interest on the bonds is payable. If the bonds
15 numbered in the advertisements are not presented for payment and cancellation
16 at the expiration of such publication, the fund shall remain in the ~~treasury~~
17 OFFICE OF THE STATE TREASURER to discharge the bonds when presented, but such
18 bonds shall draw no interest after expiration of the publication. Before
19 such bonds are paid they shall be presented to the director of the department
20 of administration, who shall endorse on each bond the amount due thereon, and
21 shall write across the face of each bond the date of its surrender and the
22 name of the person surrendering the bond.

23 B. The director of the department of administration shall keep a
24 record of all bonds issued and disposed of by the state treasurer, showing
25 for each bond the number, rate of interest, date, amount of sale, when, where
26 and to whom payable, and if exchanged, for what, and when presented for
27 redemption the date, amount due thereon, and person surrendering.

28 Sec. 27. Section 35-429, Arizona Revised Statutes, is amended to read:
29 35-429. Issuance of state bonds for county, municipal or school
30 district indebtedness

31 A. The board of supervisors of each county and the proper municipal or
32 school authority shall report to the state loan commissioners the bonded and
33 outstanding indebtedness of the county, municipality or school district, and,
34 upon demand of such authorities, the loan commissioners shall provide for
35 redeeming or refunding such indebtedness in the same manner as other state
36 indebtedness and shall issue bonds of the state for any indebtedness
37 authorized by law to be incurred by such county, municipality or school
38 district.

39 B. The bonds shall be issued upon the faith and credit of the state
40 only to the extent that it will cause to be levied and collected taxes for
41 the payment of the principal and interest of such bonds, and pay the
42 principal and interest when such bonds have been issued.

43 C. The county, municipality or school district shall pay ~~into~~ TO THE
44 OFFICE OF the state ~~treasury~~ TREASURER, in addition to all other taxes
45 authorized by law, amounts as directed by the director of the department of

1 administration, to be levied for the payment of the principal and interest of
2 such bonds issued for such county, municipality or school district, in the
3 same manner provided for the payment of the principal and interest of state
4 indebtedness.

5 Sec. 28. Section 36-1903, Arizona Revised Statutes, is amended to
6 read:

7 36-1903. Deposit of monies; hearing and speech professionals
8 fund; exemption

9 A. All monies received by the director for any purpose pursuant to
10 this chapter shall be deposited, pursuant to sections 35-146 and 35-147, in a
11 hearing and speech professionals fund established in the OFFICE OF THE state
12 ~~treasury~~ TREASURER by the director, except monies collected from civil
13 penalties imposed pursuant to this chapter shall be deposited in the state
14 general fund. Monies in the fund shall be administered by the director for
15 the purposes of this chapter.

16 B. Monies in the HEARING AND SPEECH PROFESSIONALS fund are subject to
17 legislative appropriation and are exempt from the provisions of section
18 35-190 relating to lapsing of appropriations.

19 Sec. 29. Section 41-172, Arizona Revised Statutes, is amended to read:

20 41-172. Duties; administering oaths; appointment of deputy
21 state treasurer

22 A. The state treasurer shall:

23 1. Authenticate writings and documents certified by him with the seal
24 of his office.

25 2. Receive and keep in secure custody all monies that belong to the
26 state and that are not required to be received and kept by some other person.

27 3. File and keep the documentation delivered to the treasurer when
28 monies are deposited ~~into~~ IN the OFFICE OF THE STATE ~~treasury~~ TREASURER.

29 4. Deliver to each person depositing money ~~into~~ IN the OFFICE OF THE
30 STATE ~~treasury~~ TREASURER a confirmation showing the date, amount and
31 depositing agency and shall provide a unique identifying number for each
32 confirmation.

33 5. Pay warrants drawn by the department of administration in the order
34 in which they are presented.

35 6. Keep an account of all monies received and disbursed, and keep
36 separate accounts of the different funds and appropriations of money.

37 7. Give information in writing as to the condition of the OFFICE OF
38 THE state ~~treasury~~ TREASURER, or on any subject relating to the duties of the
39 treasurer, at the request of a member of the legislature.

40 8. Deliver to the governor and the department of administration,
41 monthly, an accurate statement of receipts and expenditures of public monies
42 for the preceding month, containing a complete exhibit of all the public
43 monies received and paid from the OFFICE OF THE state ~~treasury~~ TREASURER,
44 showing, under separate heads, on what accounts and from what sources
45 received, and for what particular object or service the monies have been

1 paid. The treasurer shall deliver to the governor a similar statement on or
2 before November 1 each year for the preceding fiscal year. The statement
3 shall also include an estimate of the invested balance including the general
4 fund share of that balance as of June 30 of the preceding fiscal year. The
5 statements are public records available for inspection at the office of the
6 state treasurer.

7 9. On or before February 1 of each year, in coordination with the
8 director of the department of administration, submit to the joint legislative
9 budget committee a report explaining any differences between the department
10 of administration's estimate of the previous fiscal year's state general fund
11 ending balance submitted pursuant to section 35-131 and the state treasurer's
12 estimate of the invested balance including the general fund share of that
13 balance as of June 30 of the previous fiscal year submitted pursuant to
14 paragraph 8 ~~of this section~~.

15 10. Exercise those specific powers of the surveyor-general as a member
16 of the selection board established under section 37-202.

17 B. The state treasurer may administer all oaths prescribed by law in
18 matters touching the duties of the office of the state treasurer, may appoint
19 a deputy state treasurer, may qualify and select investment managers or
20 advisors pursuant to section 35-318 and shall perform other duties required
21 by other laws of this state.

22 C. The state treasurer may obtain criminal history record information
23 pursuant to section 41-1750, subsection G from the department of public
24 safety for the purpose of employment of personnel.

25 Sec. 30. Section 41-732, Arizona Revised Statutes, is amended to read:
26 41-732. Duties relating to general accounting activities

27 A. The director or the director's authorized representative shall be
28 the general accountant of this state and keeper of all public account books,
29 vouchers, documents and papers relating to accounts and contracts of the
30 state, and to its revenue, debts and fiscal affairs, not required by law to
31 be placed in some other office or kept by some other person.

32 B. The general accountant shall:

33 1. Draw all payments ~~upon~~ **ON** the ~~treasury~~ **OFFICE OF THE STATE**
34 **TREASURER** for money, except in cases otherwise expressly provided by law.
35 The general accountant shall maintain a record of all warrants drawn and
36 electronic funds transfers, by number, date of issue, payee and amount.

37 2. Keep, or require budget units to keep, an account of all debts and
38 credits between this state and the United States, and between this state and
39 every other state, officer or person with whom this state has financial
40 dealings, and of any separate fund of this state, or touching any duty of the
41 general accountant's office.

42 3. Upon approval by the governor, give information in writing to any
43 person authorized by law to examine the general accountant's accounts or
44 papers, when required, upon any subject relating to the fiscal affairs of
45 this state or touching any duty of his office.

1 4. Keep a seal of office which shall be used to authenticate all
2 warrants signed by the general accountant and all writings, papers and
3 documents certified from the office of the general accountant.

4 Sec. 31. Section 41-739, Arizona Revised Statutes, is amended to read:
5 41-739. Drawing illegal warrant; classification

6 If the director or any employee or officer of the department knowingly
7 issues a warrant ~~upon~~ ON the ~~treasury~~ OFFICE OF THE STATE TREASURER not
8 authorized by law, ~~he~~ THE DIRECTOR, EMPLOYEE OR OFFICER is guilty of a class
9 6 felony.

10 Sec. 32. Section 48-1067, Arizona Revised Statutes, is amended to
11 read:

12 48-1067. Treasurer or fiscal agent; disposition of monies;
13 investment

14 A. The district may appoint a treasurer or fiscal agent to hold,
15 deposit and invest the district's monies.

16 B. No monies derived from selling bonds issued under this article or
17 pledged or assigned to or in trust for the benefit of the holder or holders
18 of the bonds may be paid ~~into~~ TO THE OFFICE OF the state TREASURER or county
19 treasury. All those monies may be invested in obligations issued or
20 guaranteed by the United States or any department, agency or instrumentality
21 of the United States or shall be deposited by the treasurer or fiscal agent
22 in those financial institutions as may be designated by the board of
23 directors. The district may require all deposits of these monies to be
24 secured by obligations of the United States. These monies shall be disbursed
25 as may be directed by the district and according to the terms of any
26 agreements with the holder or holders of the bonds.

27 C. This section shall not be construed as limiting the power of the
28 district to agree in connection with the issuance of any of its bonds as to
29 the custody and disposition of the monies received from selling bonds or from
30 the income and revenues pledged or assigned to or in trust for the benefit of
31 the holder or holders of the bonds.

32 Sec. 33. Section 48-4548, Arizona Revised Statutes, is amended to
33 read:

34 48-4548. Treasurer or fiscal agent; disposition of monies;
35 investments

36 A. The board may appoint a treasurer or fiscal agent to hold, deposit
37 and invest the district's monies.

38 B. No monies derived from selling bonds issued under this article or
39 pledged or assigned to or in trust for the benefit of the holder or holders
40 of the bonds may be paid ~~into~~ TO the OFFICE OF THE state ~~treasury~~ TREASURER.
41 All such monies may be invested in obligations issued or guaranteed by the
42 United States or any department, agency or instrumentality of the United
43 States or shall be deposited by the treasurer or fiscal agent in such
44 financial institutions as may be designated by the board. The board may
45 require all deposits of these monies to be secured by obligations of the

1 United States. Such monies shall be disbursed as may be directed by the
2 board and according to the terms of any agreements with the holder or holders
3 of the bonds.

4 C. This section shall not be construed as limiting the power of the
5 board to agree in connection with the issuance of any of its bonds as to the
6 custody and disposition of the monies received from selling bonds or from the
7 income and revenues pledged or assigned to or in trust for the benefit of the
8 holder or holders of the bonds.

9 Sec. 34. Section 48-5170, Arizona Revised Statutes, is amended to
10 read:

11 48-5170. Regional public transportation authority monies;
12 treasurer; investments

13 A. No monies derived from the sale of bonds issued under this article
14 or pledged or assigned to or in trust for the benefit of the holder or
15 holders of the bonds may be required to be paid ~~into~~ TO the OFFICE OF THE
16 state TREASURER or county treasury.

17 B. The authority may appoint a treasurer or fiscal agent to hold,
18 deposit or invest the authority's monies.

19 C. Monies derived from the sale of bonds issued under this article or
20 pledged or assigned to or in trust for the benefit of the holder or holders
21 of the bonds:

22 1. May be invested in obligations issued or guaranteed by the United
23 States or any of the senior debt of its agencies, sponsored agencies,
24 corporations, sponsored corporations or instrumentalities or shall be
25 deposited by the treasurer or other fiscal officer of the board in the banks
26 or trust companies as designated by the board and, if required by the board,
27 shall be secured by obligations of the United States.

28 2. Shall be disbursed as the board may direct and according to the
29 terms of any agreements with the holder or holders of any bonds.

30 D. This section does not limit the power of the board to agree in
31 connection with the issuance of any of its bonds as to the custody and
32 disposition of the monies received from the sale of the bonds or from the
33 income and revenues pledged or assigned to or in trust for the benefit of the
34 holder or holders of the bonds.