**2014 LEGISLATIVE WRAP-UP**

The 2014 legislative session began on January 13, 2014. After a four-week, public, and contentious budget negotiation the Legislature passed and transmitted the FY 15 state budget to Governor Brewer on April 8th and she signed the package, with a few line-item vetoes, on April 11th. The general appropriations act (HB 2703) and capital outlay bill (HB 2709) are effective July 1, 2014. With budget work complete, the Legislature then turned to the numerous pieces of legislation awaiting action.

There were 1,205 bills and 113 memorials and resolutions introduced in the 2014 legislative session – a slight increase from last year. Of these, 278 were signed by the Governor and enacted into law with various effective dates, 25 bills were vetoed and 35 resolutions/memorials were filed with the Secretary of State.

This year’s session ended on April 24th, the 101st day and just one day passed the targeted 100-day session. The general effective date for most bills is July 24, 2014.

**FY15 Budget Overview**

Highlights for the Arizona University System include:

* **Parity Close-Out** (state per student funding) - The universities sought and received an end to the parity funding issue two years ahead of schedule. Working with the Governor, NAU and ASU agreed to slightly smaller amounts in order to achieve parity close-out in FY 15. The amounts applied to each universities base funding are as follows:
  + NAU - $5.9M
  + ASU - $21.5M
* **Additional University Funding** - The Governor and Legislature provided additional FY 15 dollars to each university’s base. The Feed Bill also contains advanced appropriations for FY 16 and FY 17 in the same amounts. These amounts are not associated with any existing funding model and are as follows:
  + NAU - $500K
  + ASU - $2M
  + UA - $2M
* **Capital** - The FY 15 state budget allocates $3M to ABOR to be distributed to the universities for major maintenance and repair of state buildings. This marks the first State General Fund investment to these types of projects since FY 2007 and only the second investment in the last 15 years.
* **Performance Funding** - The FY 15 budget does not allocate any new money to the universities for performance funding. Instead, the FY14 amount of $5M is reallocated to ABOR for redistribution to the three universities. This action is a departure from last year and leaves the manner in which the system will request new dollars in question.
* **TGen/NAU Funding** - The state budget allocates $3M over the next five years to NAU for distribution to TGen.
* **Miscellaneous Items**:
  + The budget “rollover” of $200M for the university system is continued.
  + Continues to require the universities to fund the state longitudinal data system for K-12 via a $6 per student fee (HB 2704).

**Final Disposition of ABOR/University Priority Bills**

**HB 2279 - ABOR; technology & research; report (Orr)**

Known as the ABOR modernization bill, HB 2279 sought to modify the requirements for submittal of the ABOR technology and research award program annual report. The bill also changed all statutory references to the “executive director” of ABOR to the “president” of ABOR. Political issues outside the content of the bill itself prevented the bill’s passage. Certain portions of this bill were signed into law as part of HB 2347 (see below).(Held in Senate Education).

**SB 1378 – university research infrastructure facilities; appropriations (Shooter)**

The university research infrastructure bill, labeled Jobs 2020, contained blank appropriations to be divided among the three universities for investments in university research infrastructure and work force development endeavors. The target state General Fund investment was $1 billion over 25 years. Caught up in the budget battle, and other political issues, the bill was never assigned to a policy committee in the Senate; as a result, a formal hearing was prevented from taking place. (Held in Senate Rules).

**SB1392 - universities; intellectual property (Yee)**

Known as the universities' tech transfer bill, streamlines the ABOR process for transferring intellectual property and technology. The bill requires ABOR to maintain intellectual property policies that allow, on a case-by-case negotiated basis, licensing, assignment or other transfer of intellectual property owned by ABOR to third parties if the transfer is in the best interest of the state and the university system; orthe transfer promotes the dissemination of university research for the public benefit. The legislation also outlines what the ABOR policy must address.

(Signed on 4/23/14).

**Notable Bills Signed by the Governor**

**HB 2039 - charter schools; higher education sponsors (Goodale)**

Clarifying legislation that expands the eligibility to participate in ASRS to all charter schools, including those operated by universities. (Signed on 4/16/14).

**HB 2265 - computer science courses; math credit. (Forese)**

Allows school district governing boards and charter schools to approve a rigorous computer science course to fulfill a required math course. (Signed on 4/22/14).

**HB 2437 - public committees; repeal; sunset (Gowan)**

Repeals inactive statutory committees, provides sunset dates, and makes various changes to statutory committees. Changes certain statutory references to the “executive director” of ABOR to read “president” of ABOR, as contained in the ABOR initiative HB 2279. (Signed on 4/24/14).

**HB 2577 - postsecondary distance education; reciprocity agreements (Dial)**

Known as the SARA bill, allows ABOR, community college districts, and the State Board for Private Postsecondary Education to enter into a reciprocity agreement to manage postsecondary distance education. Contained an emergency clause and is effective on the signature of the governor. (Signed on 4/23/14).

**HB 2580 - alternative fuel vehicles; registration; inspection (Pratt)**

Removes the requirement that fleet vehicles be annually inspected and allows the director of ADEQ to adopt rules for the purposes of fleet testing. (Signed on 4/17/14).

**HB 2701 – TPT; health sciences institutions; exemptions (Olson)**

Effective January 1, 2015, excludes any personal property sold to a qualified health sciences institution from retail, publication, and job printing TPT, as well as from state and municipal use tax. The qualifying institution(s) include Midwestern University. (Signed on 4/30/14).

**Notable Bills Vetoed by the Governor**

**HB 2316 - schools; local control; student privacy (Pierce)**

Prohibits the Arizona Department of Education (ADE) and the State Board of Education (SBE) from adopting federally mandated educational standards, curricula, or instructional approaches. Requires a transparent process for the adoption of new standards. The Governor indicated in her veto message that the bill is unnecessary and redundant as the Arizona College and Career Ready Standards are not federally mandated and the SBE process is already transparent. She further indicates that's the bill could preempt the ADE's authority to implement certain instructional approaches like SEI and phonics-based instruction. (Vetoed on 4/24/14).

**HB 2339 - firearms; permit holders; public places (Barton)**

Allows a person to carry a deadly weapon in a public establishment or at a public event, with exceptions, if the person has a valid permit to carry a concealed weapon. The universities were able to secure a clarifying amendment that HB 2339 does not apply to our campuses. The Governor states that she vetoed similar legislation in 2011 and 2012 and her concerns were not addressed in this legislation. She also states that the legislation results in an unfunded mandate for state and local governments. (Vetoed on 4/22/14).

**HB 2517 - firearms; state preemption; penalties (Smith)**

Establishes procedures and penalties for political subdivisions that violate state firearm preemption laws. Did not apply to the universities, but the sponsor refused to clarify this point with an amendment. The Governor states in her veto message that remedies to such violations may already be pursued in court. She further states the bill is to broadly and vaguely worded. (Vetoed on 4/22/14).

**Notable Legislation that Failed to Pass**

**State Budget Related Measures**

HB 2014 - ballot measures; proposition 105 disclosures (Ugenti)

HB 2618 - S/E: legislative appropriation; federal monies (Livingston)

HB 2663 - state budget; consensus forecast (Mesnard)

HB 2697 - legislative appropriation; state; federal; monies (Thorpe)

HCR 2018 - funding ballot measures; reauthorization (Boyer)

HCR 2035 - balanced budget; enactment; time frame (Olson)

HCR 2037 - budget stabilization; transfers; prohibition (Olson)

SCR 1003 - initiatives; referendum measures; periodic reauthorization (Crandell)

**Measures Related to Academic Standards**

SB 1310- schools; common core; prohibition (Melvin)

SB 1395 - schools; competency requirements; assessments; optional (Burges)

SB 1396 - schools; competency requirements; assessments (Farnsworth)

**Miscellaneous Measures**

HB 2058 - public pensions; limit on compensation (Kavanagh)

HB 2539 - task force; physical education (Boyer)

SB 1060 - lobbying; sports tickets; special events (Reagan)

SB 1063 - misconduct involving weapons; firearm storage (Murphy)

SB 1156 - prohibited electronic data; metadata collection (Ward)

SB 1227 - municipalities; counties; energy efficiency codes (Crandell)

SB 1289 - teacher student loan program; appropriation (Yee)

SB 1303 - property valuation; class six (Yarbrough)