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STATE OF ARIZONA

Application for Serial Number
Referendum Petition
A.R.S. § 19-111

The undersigned intends to circulate and file a referendum petition and hereby makes application for the issuance of an official serial number to be printed in the lower right-hand corner of each side of each signature sheet of such petition. Attached hereto is the full title and text, in no less than eight point type, of the measure intended to be referred at the next general election.	Measure to be Referred: SB1431 Date of Application: 05/11/2017 Signatures Required: 75,321 Deadline for Filing: 08/08/2017 Serial Number Issued: R-02-2018

This petition seeks to refer 2017 Laws, Chapter 139 (SB 1431), the principal provisions of which expand eligibility for Empowerment Scholarship Accounts (ESAs), commonly referred to as school vouchers; remove the existing ESA enrollment cap, and increase it annually by 0.5% of total public school enrollment through 2022; and cap ESA enrollment in 2023. SB 1431 includes other provisions, including but not limited to the administration of the ESA Program, distribution of ESA monies, and adoption of policies and procedures.

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Save Our Schools Arizona
Committee Name

201800186
Committee ID No.

Beth Lewis
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By submitting this Application for Serial Number and checking all boxes below, I acknowledge the following:

- [x] That I have read and understand the accompanying Instructions for Statewide Referenda, including the Secretary of State's recommended best practices for printing copies of the Statewide Referendum Petition to be circulated.
- [x] That at the time of filing, I was provided instructions regarding accurate completion of the electronic Statewide Referendum Petition form. By checking these boxes, we are not express(ly) or impliedly agreeing to comply with any requirements that are not required by Arizona law regarding the circulation and submission of referendum petitions.

Catherine Sigmon — May 11, 2017

Applicant Signature — Date

SECRETARY OF STATE

2017 MAY 11 PM 3:03

Senate Engrossed

FILED
MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
Senate
Fifty-third Legislature
First Regular Session
2017

CHAPTER 139

SENATE BILL 1431

AN ACT

AMENDING SECTIONS 15-2401, 15-2402, 15-2403 AND 42-2003, ARIZONA REVISED STATUTES; AMENDING LAWS 2013, CHAPTER 250, SECTION 3; RELATING TO EMPOWERMENT SCHOLARSHIP ACCOUNTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

SECRETARY OF STATE

2017 MAY 11 PM 3:03

S.B. 1431

SECRETARY OF STATE

2017 MAY 11 PM 3:04

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

Section 1. Section 15-2401, Arizona Revised Statutes, is amended to read:

15-2401. Definitions

In this chapter, unless the context otherwise requires:

~~1. "Annual education plan" means an initial individualized evaluation and subsequent annual reviews that are developed for a qualified student who meets the criteria specified in paragraph 7, subdivision (a), item (i), (ii) or (iii) of this section to determine ongoing annual eligibility through the school year in which the qualified student reaches twenty-two years of age and whether the student may be eligible pursuant to section 36-2981 and should be referred for eligibility determination.~~

~~2.~~ 1. "Curriculum" means a complete course of study for content areas or grade levels, including any supplemental materials required by the curriculum~~,~~ approved by the department.

~~3.~~ 2. "Department" means the department of education.

~~4.~~ 3. "Eligible postsecondary institution" means a community college as defined in section 15-1401, a university under the jurisdiction of the Arizona board of regents or an accredited private postsecondary institution.

4. "LOW-INCOME STUDENT" MEANS A CHILD WHO IS OR WAS A WARD OF THE JUVENILE COURT PURSUANT TO PARAGRAPH 7, SUBDIVISION (a), ITEM (viii) OR (ix) OF THIS SECTION OR A CHILD WHO IS A DEPENDENT OF A FAMILY WHOSE FEDERAL ADJUSTED GROSS INCOME AS REFLECTED ON THE LAST STATE INCOME TAX RETURN THAT WAS REQUIRED TO BE FILED DOES NOT EXCEED TWO HUNDRED FIFTY PERCENT OF THE FEDERAL POVERTY GUIDELINES FOR THAT SAME YEAR.

5. "Parent" means a resident of this state who is the parent or legal guardian of a qualified student.

6. "Qualified school" means a nongovernmental primary or secondary school or a preschool for pupils with disabilities that is located in this state and that does not discriminate on the basis of race, color or national origin.

7. "Qualified student" means a resident of this state who:

(a) Is any of the following:

(i) Identified as having a disability under section 504 of the rehabilitation act of 1973 (29 United States Code section 794).

(ii) Identified by a school district or by an independent third party pursuant to section 15-2403, subsection I as a child with a disability as defined in section 15-731 or 15-761.

(iii) A child with a disability who is eligible to receive services from a school district under section 15-763.

(iv) Attending a school or school district that has been assigned a letter grade of D or F pursuant to section 15-241. ~~or~~

SECRETARY OF STATE

2017 MAY 11 PM 3:04

SECRETARY OF STATE

2017 MAY 11 PM 3:04

(v) A CHILD who is currently eligible to attend kindergarten and who resides within the attendance boundary of a school OR SCHOOL DISTRICT that has been assigned a letter grade of D or F pursuant to section 15-241.

~~(v)~~ (vi) A previous recipient of a scholarship issued pursuant to section 15-891 or this section, unless the qualified student's parent has been removed from eligibility in the program for failure to comply pursuant to section 15-2403, subsection C.

~~(vi)~~ (vii) A child of a parent who is a member of the armed forces of the United States and who is on active duty or was killed in the line of duty. A child who meets the requirements of this item is not subject to subdivision (b) of this paragraph.

~~(vii)~~ (viii) A child who is a ward of the juvenile court and who is residing with a prospective permanent placement pursuant to section 8-862 and the case plan is adoption or permanent guardianship.

~~(viii)~~ (ix) A child who was a ward of the juvenile court and who achieved permanency through adoption or permanent guardianship.

~~(ix)~~ (x) A child who is the sibling of a current or previous empowerment scholarship account recipient or of an eligible qualified student who accepts the terms of and enrolls in ~~the~~ AN empowerment scholarship ~~program~~ ACCOUNT.

~~(x)~~ (xi) A child who resides within the boundaries of an Indian reservation in this state as determined by the department of education or a tribal government.

~~(xi)~~ (xii) A child of a parent who is legally blind ~~pursuant to section 41-1973, subsection C~~ or IS deaf or hard of hearing ~~pursuant to~~ AS DEFINED IN section 36-1941.

(xiii) BEGINNING IN THE 2017-2018 SCHOOL YEAR, A CHILD WHO CURRENTLY ATTENDS OR IS ELIGIBLE TO ATTEND A PUBLIC SCHOOL IN A KINDERGARTEN PROGRAM OR ANY OF GRADES ONE, SIX AND NINE.

(xiv) BEGINNING IN THE 2018-2019 SCHOOL YEAR, A CHILD WHO CURRENTLY ATTENDS OR IS ELIGIBLE TO ATTEND A PUBLIC SCHOOL IN A KINDERGARTEN PROGRAM OR ANY OF GRADES ONE, TWO, SIX, SEVEN, NINE AND TEN.

(xv) BEGINNING IN THE 2019-2020 SCHOOL YEAR, A CHILD WHO CURRENTLY ATTENDS OR IS ELIGIBLE TO ATTEND A PUBLIC SCHOOL IN A KINDERGARTEN PROGRAM OR ANY OF GRADES ONE THROUGH THREE AND GRADES SIX THROUGH ELEVEN.

(xvi) BEGINNING IN THE 2020-2021 SCHOOL YEAR, A CHILD WHO CURRENTLY ATTENDS OR IS ELIGIBLE TO ATTEND A PUBLIC SCHOOL IN A KINDERGARTEN PROGRAM OR ANY OF GRADES ONE THROUGH TWELVE.

(b) And, except as provided in subdivision (a), item ~~(vi)~~ (vii) of this paragraph, who meets any of the following requirements:

(i) Attended a governmental primary or secondary school as a full-time student as defined in section 15-901 for at least ~~the first~~ one hundred days of the prior fiscal year and who transferred from a governmental primary or secondary school under a contract to participate

SECRETARY OF STATE

2017 MAY 11 PM 3:04

SECRETARY OF STATE

2017 MAY 11 PM 3:04

in an empowerment scholarship account. First, second and third grade students who are enrolled in Arizona online instruction must receive four hundred hours of logged instruction to be eligible pursuant to this item. Fourth, fifth and sixth grade students who are enrolled in Arizona online instruction must receive five hundred hours of logged instruction to be eligible pursuant to this item. Seventh and eighth grade students who are enrolled in Arizona online instruction must receive five hundred fifty hours of logged instruction to be eligible pursuant to this item. High school students who are enrolled in Arizona online instruction must receive five hundred hours of logged instruction to be eligible pursuant to this item. THE DEPARTMENT MAY REQUEST A LOCAL EDUCATION AGENCY TO PROVIDE DOCUMENTATION OR CONFIRMATION OF THE STUDENT ATTENDANCE REQUIRED BY THIS ITEM, AND THE SCHOOL SHALL COMPLY WITH THE DEPARTMENT'S REQUEST WITHIN TEN DAYS.

(ii) Previously participated in ~~the~~ AN empowerment scholarship account ~~program~~.

(iii) Received a scholarship under section 43-1505 and who continues to attend a qualified school if the student attended a governmental primary or secondary school as a full-time student as defined in section 15-901 for at least ninety days of the prior fiscal year or one full semester prior to attending a qualified school.

(iv) Was eligible for an Arizona scholarship for pupils with disabilities and received monies from a school tuition organization pursuant to section 43-1505 or received an Arizona scholarship for pupils with disabilities but did not receive monies from a school tuition organization pursuant to section 43-1505 and who continues to attend a qualified school if the student attended a governmental primary or secondary school as a full-time student as defined in section 15-901 for at least ninety days of the prior fiscal year or one full semester prior to attending a qualified school.

(v) Has not previously attended a governmental primary or secondary school but is currently eligible to enroll in a kindergarten program in a school district or charter school in this state or attended a program for preschool children with disabilities. FOR THE PURPOSES OF THIS ITEM, A CHILD IS ELIGIBLE TO ENROLL IN A KINDERGARTEN PROGRAM IF THE CHILD IS AT LEAST FOUR BUT UNDER SEVEN YEARS OF AGE.

(vi) Has not previously attended a governmental primary or secondary school but is currently eligible to enroll in a program for preschool children with disabilities in this state.

8. "Treasurer" means the office of the state treasurer.

Sec. 2. Section 15-2402, Arizona Revised Statutes, is amended to read:

15-2402. <u>Arizona empowerment scholarship accounts; funds</u>

A. Arizona empowerment scholarship accounts are established to provide options for the education of students in this state.

SECRETARY OF STATE

2017 MAY 11 PM 3:04

SECRETARY OF STATE

2017 MAY 11 PM 3:04

B. To enroll a qualified student for an empowerment scholarship account, the parent of the qualified student must sign an agreement to do all of the following:

1. Use a portion of the empowerment scholarship account monies allocated annually to provide an education for the qualified student in at least the subjects of reading, grammar, mathematics, social studies and science. ~~, unless the empowerment scholarship account is allocated monies according to a transfer schedule other than quarterly transfers pursuant to section 15-2403, subsection F.~~

2. Not enroll the qualified student in a school district or charter school and release the school district from all obligations to educate the qualified student. This paragraph does not relieve the school district or charter school that the qualified student previously attended from the obligation to conduct an evaluation pursuant to section 15-766.

3. Not accept a scholarship from a school tuition organization pursuant to title 43 concurrently with an empowerment scholarship account for the qualified student ~~in~~ DURING the same ~~year a parent signs the agreement pursuant to this section.~~ TIME THE QUALIFIED STUDENT IS ACTIVELY ENROLLED IN AN EMPOWERMENT SCHOLARSHIP ACCOUNT. THE DEPARTMENT MAY REQUEST THE QUALIFIED SCHOOL TO PROVIDE CONFIRMATION THAT THE QUALIFIED STUDENT IS IN COMPLIANCE WITH THIS PARAGRAPH.

4. Use the money deposited in the qualified student's Arizona empowerment scholarship account only for the following expenses of the qualified student:

(a) Tuition or fees at a qualified school.

(b) Textbooks required by a qualified school.

(c) If the qualified student meets any of the criteria specified in section 15-2401, paragraph ~~6~~ 7, subdivision (a), item (i), (ii) or (iii) as determined by a school district or by an independent third party pursuant to section 15-2403, subsection I, the qualified student may use the following additional services:

(i) Educational therapies from a licensed or accredited practitioner or provider.

(ii) A licensed or accredited paraprofessional or educational aide.

(iii) Tuition for vocational and life skills education approved by the department.

(iv) Associated services that include educational and psychological evaluations, assistive technology rentals and braille translation services approved by the department.

(d) Tutoring or teaching services provided by an individual or facility accredited by a state, regional or national accrediting organization.

(e) Curricula.

(f) Tuition or fees for a nonpublic online learning program.

SECRETARY OF STATE

2017 MAY 11 PM 3:04

SECRETARY OF STATE

2017 MAY 11 PM 3:04

(g) Fees for a nationally standardized norm-referenced achievement test, an advanced placement examination or any exams related to college or university admission OR ANY EXAMINATION PURSUANT TO PARAGRAPH 7 OF THIS SUBSECTION.

~~(h) Contributions to a Coverdell education savings account established pursuant to 26 United States Code section 530 for the benefit of the qualified student, except that money used for elementary or secondary education expenses must be for expenses otherwise allowed under this section.~~

~~(i)~~ (h) Tuition or fees at an eligible postsecondary institution.

~~(j)~~ (i) Textbooks required by an eligible postsecondary institution.

~~(k)~~ (j) Fees for management of the empowerment scholarship account.

~~(l)~~ (k) Services provided by a public school, including individual classes and extracurricular programs.

~~(m)~~ (l) Insurance or surety bond payments.

~~(n)~~ (m) Uniforms purchased from or through a qualified school.

~~(o) Beginning January 1, 2017, if the qualified student meets the criteria specified in section 15-2401, paragraph 7, subdivision (a), item (i), (ii) or (iii) and if the qualified student is in the second year prior to the final year of a contract executed pursuant to this article, costs associated with an annual education plan conducted by an independent evaluation team. The department shall prescribe minimum qualifications for independent evaluation teams pursuant to this subdivision and factors that teams must use to determine whether the qualified student shall be eligible to continue to receive monies pursuant to this article through the school year in which the qualified student reaches twenty-two years of age. An independent evaluation team that provides an annual education plan pursuant to this subdivision shall submit a written report that summarizes the results of the evaluation to the parent of the qualified student and to the department on or before July 31. The written report submitted by the independent evaluation team is valid for one year. If the department determines that the qualified student meets the eligibility criteria prescribed in the annual education plan, the qualified student is eligible to continue to receive monies pursuant to this article until the qualified student reaches twenty-two years of age, subject to annual review. A parent may appeal the department's decision pursuant to title 41, chapter 6, article 10. As an addendum to a qualified student's final-year contract, the department shall provide the following written information to the parent of the qualified student:~~

~~(i) That the qualified student will not be eligible to continue to receive monies pursuant to this article unless the results of an annual education plan conducted pursuant to this subdivision demonstrate that the~~

SECRETARY OF STATE

2017 MAY 11 PM 3:04

SECRETARY OF STATE

2017 MAY 11 PM 3:04

~~qualified student meets the eligibility criteria prescribed in the annual education plan.~~

~~(ii) That the parent is entitled to obtain an annual education plan pursuant to this subdivision to determine whether the qualified student meets the eligibility criteria prescribed in the annual education plan.~~

~~(iii) A list of independent evaluation teams that meet the minimum qualifications prescribed by the department pursuant to this subdivision.~~

5. Not file an affidavit of intent to homeschool pursuant to section 15-802, subsection B, paragraph 2 or 3.

6. Not use monies deposited in the qualified student's account for any of the following:

(a) Computer hardware or other technological devices.

(b) Transportation of the pupil.

(c) Consumable educational supplies, including paper, pens or markers.

7. BEGINNING IN THE 2017-2018 SCHOOL YEAR AND EACH YEAR THEREAFTER, ANNUALLY HAVE A QUALIFIED STUDENT WHO PAYS TUITION AS A FULL-TIME STUDENT AT A QUALIFIED SCHOOL AND WHO IS IN ANY OF GRADES THREE THROUGH TWELVE TAKE ANY NATIONALLY STANDARDIZED NORM-REFERENCED ACHIEVEMENT EXAMINATION, AN ADVANCED PLACEMENT EXAMINATION THAT ASSESSES READING AND MATHEMATICS, THE STATEWIDE ASSESSMENT PURSUANT TO SECTION 15-741 OR ANY EXAMINATION RELATED TO COLLEGE OR UNIVERSITY ADMISSIONS THAT ASSESSES READING AND MATHEMATICS. A QUALIFIED STUDENT MAY MEET THE REQUIREMENTS OF THIS PARAGRAPH BY TAKING AN EXAMINATION THAT IS CHOSEN AND ADMINISTERED BY A QUALIFIED SCHOOL, OR A PARENT MAY CHOOSE A SEPARATE EXAMINATION PURSUANT TO THIS PARAGRAPH THAT IS ADMINISTERED OUTSIDE OF THE QUALIFIED SCHOOL. THE EXAMINATION RESULTS SHALL BE REPORTED TO THE PARENT OF THE STUDENT. THIS PARAGRAPH DOES NOT APPLY TO:

(a) A STUDENT WHO IS IDENTIFIED AS HAVING A DISABILITY UNDER SECTION 504 OF THE REHABILITATION ACT OF 1973 (29 UNITED STATES CODE SECTION 794).

(b) A STUDENT WHO IS IDENTIFIED BY A SCHOOL DISTRICT OR INDEPENDENT THIRD PARTY PURSUANT TO SECTION 15-2403, SUBSECTION I AS A CHILD WITH A DISABILITY AS DEFINED IN SECTION 15-731 OR 15-761.

(c) A CHILD WITH A DISABILITY WHO IS ELIGIBLE TO RECEIVE SERVICES FROM A SCHOOL DISTRICT UNDER SECTION 15-763.

C. In exchange for the parent's agreement pursuant to subsection B of this section, the department OF EDUCATION shall transfer from the monies that would otherwise be allocated to a recipient's prior school district OR CHARTER SCHOOL, or if the child is currently eligible to attend kindergarten, the monies that the department OF EDUCATION determines would otherwise be allocated to a recipient's expected school district of attendance, to the treasurer for deposit into an Arizona empowerment scholarship account an amount that is equivalent to ninety percent of the sum of the base support level and additional assistance

SECRETARY OF STATE

2017 MAY 11 PM 3:04

SECRETARY OF STATE

2017 MAY 11 PM 3:04

prescribed in sections 15-185 and 15-943 for that particular student ~~if that student were attending a charter school~~ BASED ON WHETHER THE STUDENT WAS PREVIOUSLY ATTENDING EITHER A CHARTER SCHOOL OR A SCHOOL DISTRICT. NOTWITHSTANDING ANY OTHER LAW, THE FUNDING LEVEL FOR A STUDENT WHO IS A RECIPIENT OF AN EMPOWERMENT SCHOLARSHIP ACCOUNT ON OR BEFORE JUNE 30, 2017 MAY NOT BE REDUCED. The department OF EDUCATION may retain up to five percent of the sum of the base support level and additional assistance prescribed in sections 15-185 and 15-943 for each student with an empowerment scholarship account for deposit in the department of education empowerment scholarship account fund established ~~in~~ BY subsection ~~D~~ E of this section, out of which the department OF EDUCATION shall transfer one percent of the sum of the base support level and additional assistance prescribed in sections 15-185 and 15-943 for each student with an empowerment scholarship account to the ~~state~~ treasurer for deposit in the state treasurer empowerment scholarship account fund established ~~in~~ BY subsection ~~E~~ F of this section AND OUT OF WHICH THE DEPARTMENT OF EDUCATION SHALL TRANSFER AN ADDITIONAL ONE PERCENT OF THE SUM OF THE BASE SUPPORT LEVEL AND ADDITIONAL ASSISTANCE PRESCRIBED IN SECTIONS 15-185 AND 15-943 FOR EACH STUDENT WITH AN EMPOWERMENT SCHOLARSHIP ACCOUNT TO THE DEPARTMENT OF REVENUE FOR DEPOSIT IN THE DEPARTMENT OF REVENUE EMPOWERMENT SCHOLARSHIP ACCOUNT FUND ESTABLISHED BY SUBSECTION G OF THIS SECTION.

D. NOTWITHSTANDING SUBSECTION C OF THIS SECTION, FOR A STUDENT WHOM THE DEPARTMENT OF REVENUE DETERMINES TO BE A LOW-INCOME STUDENT, AND IN EXCHANGE FOR THE PARENT'S AGREEMENT PURSUANT TO SUBSECTION B OF THIS SECTION, THE DEPARTMENT OF EDUCATION SHALL TRANSFER FROM THE MONIES THAT WOULD OTHERWISE BE ALLOCATED TO A RECIPIENT'S PRIOR SCHOOL DISTRICT OR CHARTER SCHOOL, OR IF THE CHILD IS CURRENTLY ELIGIBLE TO ATTEND KINDERGARTEN, THE MONIES THAT THE DEPARTMENT OF EDUCATION DETERMINES WOULD OTHERWISE BE ALLOCATED TO A RECIPIENT'S EXPECTED SCHOOL DISTRICT OF ATTENDANCE, TO THE TREASURER FOR DEPOSIT IN AN ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT AN AMOUNT THAT IS EQUIVALENT TO ONE HUNDRED PERCENT OF THE SUM OF THE BASE SUPPORT LEVEL AND ADDITIONAL ASSISTANCE PRESCRIBED IN SECTIONS 15-185 AND 15-943 FOR THAT PARTICULAR STUDENT BASED ON WHETHER THE STUDENT WAS PREVIOUSLY ATTENDING EITHER A CHARTER SCHOOL OR A SCHOOL DISTRICT.

~~D.~~ E. The department of education empowerment scholarship account fund is established consisting of monies retained by the department pursuant to subsection C of this section. The department shall administer the fund. Monies in the fund are subject to legislative appropriation. Monies in the fund shall be used for the department's costs in administering empowerment scholarship accounts under this chapter. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations. If the number of empowerment scholarship accounts significantly increases after fiscal year 2012-2013, the department may request an increase in the amount appropriated to the fund

SECRETARY OF STATE

2017 MAY 11 PM 3:04

SECRETARY OF STATE

2017 MAY 11 PM 3:04

in any subsequent fiscal year in the budget estimate submitted pursuant to section 35-113.

~~E.~~ F. The state treasurer empowerment scholarship account fund is established consisting of monies transferred by the department to the state treasurer pursuant to subsection C of this section. The state treasurer shall administer the fund. Monies in the fund shall be used for the state treasurer's costs in administering the empowerment scholarship accounts under this chapter. If the number of empowerment scholarship accounts significantly increases after fiscal year 2013-2014, the state treasurer may request an increase in the amount appropriated to the fund in any subsequent fiscal year in the budget estimate submitted pursuant to section 35-113. Monies in the fund are subject to legislative appropriation. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

G. THE DEPARTMENT OF REVENUE EMPOWERMENT SCHOLARSHIP ACCOUNT FUND IS ESTABLISHED CONSISTING OF MONIES TRANSFERRED BY THE DEPARTMENT OF EDUCATION TO THE DEPARTMENT OF REVENUE PURSUANT TO SUBSECTION C OF THIS SECTION. THE DEPARTMENT OF REVENUE SHALL ADMINISTER THE FUND. MONIES IN THE FUND SHALL BE USED FOR THE DEPARTMENT OF REVENUE'S COSTS IN ADMINISTERING THE EMPOWERMENT SCHOLARSHIP ACCOUNTS UNDER THIS CHAPTER. IF THE NUMBER OF EMPOWERMENT SCHOLARSHIP ACCOUNTS SIGNIFICANTLY INCREASES, THE DEPARTMENT OF REVENUE MAY REQUEST AN INCREASE IN THE AMOUNT APPROPRIATED TO THE FUND IN ANY SUBSEQUENT FISCAL YEAR IN THE BUDGET ESTIMATE SUBMITTED PURSUANT TO SECTION 35-113. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

~~F.~~ H. A parent must renew the qualified student's empowerment scholarship account on an annual basis. ~~Notwithstanding any changes to the student's multidisciplinary evaluation team plan,~~ A student who has previously qualified for an empowerment scholarship account ~~shall remain~~ REMAINS eligible to apply for renewal until the student ~~finishes~~ GRADUATES FROM high school, OBTAINS A GENERAL EQUIVALENCY DIPLOMA OR REACHES TWENTY-TWO YEARS OF AGE IF THE STUDENT CONTINUES TO BE ENROLLED IN A QUALIFIED SCHOOL. THE DEPARTMENT MAY REQUEST CONFIRMATION OF A QUALIFIED STUDENT'S PROGRESS TOWARD GRADUATION FROM HIGH SCHOOL OR THE COMPLETION OF A GENERAL EQUIVALENCY DIPLOMA. A QUALIFIED STUDENT WHO IS AT LEAST EIGHTEEN YEARS OF AGE AND WHO HAS BEEN DEEMED ELIGIBLE TO RECEIVE EDUCATIONAL THERAPIES OR SERVICES PURSUANT TO SECTION 15-2403, SUBSECTION I OR HAS BEEN IDENTIFIED AS A STUDENT WITH A DISABILITY PURSUANT TO SECTION 15-2401, PARAGRAPH 7, SUBDIVISION (a), ITEM (i), (ii) OR (iii) REMAINS ELIGIBLE TO APPLY FOR RENEWAL UNTIL THE QUALIFIED STUDENT REACHES TWENTY-TWO YEARS OF AGE OR OBTAINS A GENERAL EQUIVALENCE DIPLOMA WITHOUT BEING ENROLLED IN A QUALIFIED SCHOOL IF THE QUALIFIED STUDENT CONTINUES TO USE AT LEAST FIFTY PERCENT OF AVAILABLE EMPOWERMENT SCHOLARSHIP ACCOUNT MONIES ANNUALLY FOR ELIGIBLE PURCHASES PURSUANT TO SUBSECTION B, PARAGRAPH

SECRETARY OF STATE

2017 MAY 11 PM 3:04

SECRETARY OF STATE

2017 MAY 11 PM 3:04

4, SUBDIVISION (c) OF THIS SECTION. THE DEPARTMENT MAY REMOVE QUALIFIED STUDENTS WHO ARE NOT IN COMPLIANCE WITH THIS SUBSECTION FROM THE PROGRAM IN THE SUBSEQUENT YEAR.

~~G.~~ I. A signed agreement under this section constitutes school attendance required by section 15-802.

~~H.~~ J. A qualified school or a provider of services purchased pursuant to subsection B, paragraph 4 of this section may not share, refund or rebate any Arizona empowerment scholarship account monies with the parent or qualified student in any manner.

~~I.~~ K. On the qualified student's graduation from a postsecondary institution or after any period of four consecutive years after high school graduation in which the student is not enrolled in an eligible postsecondary institution, the qualified student's Arizona empowerment scholarship account shall be closed and any remaining funds shall be returned to the state.

~~J.~~ L. Monies received pursuant to this article do not constitute taxable income to the parent of the qualified student.

M. THE DEPARTMENT OF REVENUE AND THE DEPARTMENT OF EDUCATION SHALL DEVELOP A PROCESS AND PROCEDURES TO DETERMINE WHETHER A STUDENT MAY BE CLASSIFIED AS A LOW-INCOME STUDENT FOR THE PURPOSES OF FUNDING LEVELS. THE DEPARTMENT OF EDUCATION MAY REQUEST THE DEPARTMENT OF REVENUE TO VERIFY THE INCOME LEVEL OF A PARENT USING ALREADY-AVAILABLE INFORMATION AND DATA AT THE DEPARTMENT OF REVENUE. THE DEPARTMENT OF REVENUE MAY VERIFY ONLY THE QUALIFIED STUDENT'S ELIGIBILITY OR INELIGIBILITY FOR INCREASED FUNDING AND MAY NOT TRANSFER ANY OTHER INCOME DATA TO THE DEPARTMENT OF EDUCATION. THE DEPARTMENT OF EDUCATION SHALL ALLOW APPLICANTS TO DESIGNATE WHETHER THEY WOULD LIKE TO BE CLASSIFIED AS LOW-INCOME FOR THE PURPOSES OF FUNDING FOR AN EMPOWERMENT SCHOLARSHIP ACCOUNT. THE DEPARTMENT OF REVENUE AND THE DEPARTMENT OF EDUCATION MAY DEVELOP ALTERNATIVE FORMS OF INCOME VERIFICATION FOR FAMILIES THAT ARE NOT REQUIRED BY LAW TO FILE STATE INCOME TAX RETURNS. IF THE DEPARTMENT OF REVENUE SUBSEQUENTLY RECEIVES INFORMATION THAT INDICATES A STUDENT SHOULD NOT HAVE BEEN CLASSIFIED AS A LOW-INCOME STUDENT, THE DEPARTMENT OF REVENUE SHALL NOTIFY THE DEPARTMENT OF EDUCATION. A STUDENT WHO IS SUBSEQUENTLY NOT CLASSIFIED AS LOW-INCOME SHALL BE FUNDED AT THE LEVEL PRESCRIBED PURSUANT TO SUBSECTION C OF THIS SECTION. A STUDENT MAY BEGIN AND CONTINUE TO RECEIVE THE REGULAR LEVEL OF FUNDING PURSUANT TO SUBSECTION C OF THIS SECTION ON SIGNING THE AGREEMENT TO ENROLL IN AN EMPOWERMENT SCHOLARSHIP ACCOUNT AND MAY BE SUBSEQUENTLY INCREASED TO THE LEVEL OF FUNDING PURSUANT TO SUBSECTION D OF THIS SECTION IF THE STUDENT IS DEEMED A LOW-INCOME STUDENT.

N. THE DEPARTMENT SHALL ALLOW AN APPLICANT FOR AN EMPOWERMENT SCHOLARSHIP ACCOUNT TO IDENTIFY ALL POTENTIALLY APPLICABLE ENROLLMENT ELIGIBILITY CRITERIA DURING THE APPLICATION PROCESS AND MAY NOT RESTRICT THE APPLICANT TO THE IDENTIFICATION OF A SINGLE ENROLLMENT ELIGIBILITY

SECRETARY OF STATE

2017 MAY 11 PM 3:04

SECRETARY OF STATE

2017 MAY 11 PM 3:05

CRITERION. BEGINNING OCTOBER 1, 2017, THE DEPARTMENT SHALL ALLOW AN APPLICANT FOR AN EMPOWERMENT SCHOLARSHIP ACCOUNT OR A CURRENT EMPOWERMENT SCHOLARSHIP ACCOUNT HOLDER TO GIVE WRITTEN CONSENT AND IDENTIFY A THIRD PARTY TO ASSIST THE APPLICANT OR QUALIFIED STUDENT IN THE APPLICATION PROCESS OR INTERACTING WITH THE DEPARTMENT ON THE APPLICANT'S OR ACCOUNT HOLDER'S BEHALF. FOR THE PURPOSES OF THIS SUBSECTION, "THIRD PARTY" MEANS ANY NONPROFIT OR PRIVATE ENTITY, INCLUDING A QUALIFIED SCHOOL.

O. NOTWITHSTANDING SECTION 15-2404, A QUALIFIED SCHOOL THAT ENROLLS FIFTY OR MORE QUALIFIED STUDENTS AND THAT ADMINISTERS ANY NATIONALLY STANDARDIZED NORM-REFERENCED ACHIEVEMENT EXAMINATION, AN ADVANCED PLACEMENT EXAMINATION THAT ASSESSES READING AND MATHEMATICS, THE STATEWIDE ASSESSMENT PURSUANT TO SECTION 15-741 OR ANY EXAMINATION RELATED TO COLLEGE OR UNIVERSITY ADMISSIONS THAT ASSESSES READING AND MATHEMATICS SHALL ANNUALLY MAKE AVAILABLE TO THE PUBLIC ON REQUEST OR ON THE QUALIFIED SCHOOL'S WEBSITE THE AGGREGATE TEST SCORES OF ALL STUDENTS. A NETWORK OF QUALIFIED SCHOOLS MAY SATISFY THIS REQUIREMENT BY PUBLISHING THE AGGREGATE TEST SCORES BY GRADE LEVEL FOR ALL SCHOOLS WITHIN THE NETWORK.

P. BEGINNING IN FISCAL YEAR 2022-2023, THE NUMBER OF EMPOWERMENT SCHOLARSHIP ACCOUNTS APPROVED BY THE DEPARTMENT EACH FISCAL YEAR MAY NOT EXCEED THE TOTAL NUMBER OF EMPOWERMENT SCHOLARSHIP ACCOUNTS APPROVED BY THE DEPARTMENT DURING THE 2021-2022 SCHOOL YEAR.

Sec. 3. Section 15-2403, Arizona Revised Statutes, is amended to read:

15-2403. <u>Empowerment scholarship accounts; administration; audits; policy handbook; posting</u>

A. The treasurer ~~may~~ SHALL contract with private financial management firms to manage Arizona empowerment scholarship accounts. THE DEPARTMENT SHALL COOPERATE WITH THE TREASURER AND THE FINANCIAL MANAGEMENT FIRM CONTRACTED BY THE TREASURER.

B. The department shall conduct or contract for annual audits of empowerment scholarship accounts to ensure compliance with section 15-2402, subsection B, paragraph 4. The department shall also conduct or contract for random, quarterly and annual audits of empowerment scholarship accounts as needed to ensure compliance with section 15-2402, subsection B, paragraph 4.

C. The department may remove any parent or qualified student from eligibility for an Arizona empowerment scholarship account if the parent or qualified student fails to comply with the terms of the contract or applicable laws, rules or orders or knowingly misuses monies or knowingly fails to comply with the terms of the contract with intent to defraud and shall notify the treasurer. The department shall notify the treasurer to suspend the account of a parent or qualified student and shall notify the parent or qualified student in writing that the account has been suspended and that no further transactions will be allowed or disbursements made. The notification shall specify the reason for the suspension and state

SECRETARY OF STATE

2017 MAY 11 PM 3:05

SECRETARY OF STATE

2017 MAY 11 PM 3:05

that the parent or qualified student has ten days, not including weekends, to respond and take corrective action. If the parent or qualified student refuses or fails to contact the department, furnish any information or make any report that may be required for reinstatement within the ten-day period, the department may remove the parent or qualified student pursuant to this subsection.

D. A parent may appeal, ~~the department's decision~~ pursuant to title 41, chapter 6, article 10, AN ADMINISTRATIVE DECISION MADE BY THE DEPARTMENT PURSUANT TO THIS ARTICLE REGARDING DETERMINATIONS OF ALLOWABLE EXPENSES, REMOVAL FROM THE PROGRAM OR ENROLLMENT ELIGIBILITY. THE DEPARTMENT SHALL NOTIFY THE PARENT OF THE PARENT'S ABILITY TO APPEAL AN ADMINISTRATIVE DECISION AT THE SAME TIME THE PARENT IS NOTIFIED OF AN ADMINISTRATIVE DECISION.

E. The department may refer cases of substantial misuse of monies to the attorney general for the purpose of collection or for the purpose of a criminal investigation if the department obtains evidence of fraudulent use of an account.

F. BEGINNING JANUARY 1, 2018, the department shall make ~~quarterly~~ MONTHLY transfers of the amount calculated pursuant to section 15-2402, subsection C OR D to the treasurer for deposit into the empowerment scholarship account of each qualified student~~, except the department may make transfers according to another transfer schedule if the department determines a transfer schedule other than quarterly transfers is necessary for the operation of the empowerment scholarship account~~. THE DEPARTMENT MAY NOT DELAY THE DEPOSIT OF MONIES INTO AN EMPOWERMENT SCHOLARSHIP ACCOUNT UNTIL A SUBSEQUENT MONTH UNLESS MONIES WILL BE RETROACTIVELY PRORATED TO THE TIME THE PARENT AGREED TO THE TERMS AND CONDITIONS PRESCRIBED IN SECTION 15-2402.

G. The department shall accept applications between July 1 and June 30 of each year. The department shall enroll and issue an award letter ~~to eligible applicants~~ within forty-five days AND, BEGINNING JANUARY 1, 2018, WITHIN THIRTY DAYS after receipt of a completed application and all required documentation. IF THE DEPARTMENT DETERMINES THAT AN APPLICANT IS INELIGIBLE FOR AN EMPOWERMENT SCHOLARSHIP ACCOUNT BECAUSE THE APPLICANT DOES NOT MEET THE REQUIREMENTS PRESCRIBED FOR AN QUALIFIED STUDENT, THE DEPARTMENT SHALL NOTIFY THE APPLICANT OF THE SPECIFIC STATUTORY DEFICIENCIES OF THE APPLICATION AND THE RATIONALE FOR THE DENIAL OF THE APPLICATION. On or before May 30 of each year, the department shall furnish to the joint legislative budget committee an estimate of the amount required to fund empowerment scholarship accounts for the following fiscal year. The department shall include in its budget request for the following fiscal year the amount estimated in section 15-2402, subsection C for each qualified student.

SECRETARY OF STATE

2017 MAY 11 PM 3:05

SECRETARY OF STATE

2017 MAY 11 PM 3:05

H. The department may adopt ~~rules and~~ policies AND PROCEDURES necessary for the administration of empowerment scholarship accounts. THE POLICIES AND PROCEDURES ADOPTED PURSUANT TO THIS SUBSECTION SHALL BE DEVELOPED AND IMPLEMENTED PURSUANT TO THE INTENT OF THE LAW AND BY GIVING STUDENTS THE MOST EDUCATIONAL OPTIONS AVAILABLE UNDER THE LAW, including:

1. Policies for conducting or contracting for examinations of the use of account monies.

2. Conducting or contracting for random, quarterly and annual reviews of accounts.

3. Establishing or contracting for the establishment of an online anonymous fraud reporting service.

4. Establishing an anonymous telephone hotline for fraud reporting.

5. Policies that require a surety bond or insurance for account holders.

6. POLICIES THAT ESTABLISH EXPENSE REPORTING, ELIGIBLE EXPENSES AND APPLICATION PROCEDURES. THE POLICIES REGARDING ELIGIBLE EXPENSES MAY NOT RESTRICT THE TYPES OR AMOUNTS OF CURRICULUM CHOICES MADE BY PARENTS FOR STUDENTS. THE DEPARTMENT SHALL REQUEST ADDITIONAL DOCUMENTATION AND INFORMATION REGARDING ELIGIBLE EXPENSES AND SHALL PROVIDE A PARENT AN OPPORTUNITY TO RESPOND BEFORE DENYING AN EXPENDITURE.

I. The department shall contract with an independent third party for the purposes of determining ~~if~~ WHETHER a qualified student is eligible to receive educational therapies or services pursuant to section 15-2402, subsection B, paragraph 4, subdivision (c).

J. THE DEPARTMENT SHALL DEVELOP AND PUBLISH AN APPLICANT AND PARTICIPANT POLICY HANDBOOK ON OR BEFORE JULY 1 OF EACH YEAR. THE POLICY HANDBOOK SHALL INCLUDE INFORMATION PERTAINING TO POLICIES RELATING TO INTERACTIONS AND PROCESSES OF EMPOWERMENT SCHOLARSHIP ACCOUNT APPLICANTS AND PARTICIPANTS ADOPTED BY THE DEPARTMENT TO ADMINISTER EMPOWERMENT SCHOLARSHIP ACCOUNTS. ONLY POLICIES THAT ARE INCLUDED IN THE POLICY HANDBOOK MAY BE ADMINISTERED. THE POLICY HANDBOOK DOES NOT APPLY TO INTERNAL AGENCY POLICIES AND PROCEDURES. THE DEPARTMENT MAY NOT PUBLISH THE POLICY HANDBOOK, MAKE ANY REVISIONS OR ENFORCE ANY NEW POLICY OR PROCEDURE BEFORE THE COMPLETION OF BOTH OF THE FOLLOWING:

1. THE COLLECTION OF PUBLIC COMMENTS FOR AT LEAST SIXTY DAYS. THE DEPARTMENT SHALL CONSIDER AND REASONABLY INCORPORATE THESE PUBLIC COMMENTS IN THE POLICY HANDBOOK.

2. THE SUBMISSION OF A COPY OF THE POLICY HANDBOOK AND ANY REVISIONS TO THE POLICY HANDBOOK TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

K. THE DEPARTMENT SHALL POST ON THE DEPARTMENT'S WEBSITE INFORMATION AND DATA THAT ARE UPDATED MONTHLY REGARDING THE EMPOWERMENT SCHOLARSHIP ACCOUNTS, INCLUDING:

1. INFORMATION REGARDING ALL PURCHASES AND EXPENDITURES MADE WITH EMPOWERMENT SCHOLARSHIP ACCOUNT MONIES. THE INFORMATION INCLUDED PURSUANT

SECRETARY OF STATE

2017 MAY 11 PM 3:05

SECRETARY OF STATE

2017 MAY 11 PM 3:05

TO THIS PARAGRAPH MAY NOT VIOLATE THE PERSONAL PRIVACY OF ANY STUDENT OR FAMILY AND SHALL INCLUDE ONLY AGGREGATE DATA.

2. THE NUMBER OF ENROLLED STUDENTS DISAGGREGATED BY ELIGIBILITY.

3. ANY OTHER INFORMATION OR DATA THAT MAY BE PERTINENT TO PROMOTING TRANSPARENCY AND ACCOUNTABILITY OF EMPOWERMENT SCHOLARSHIP ACCOUNTS.

Sec. 4. Section 42-2003, Arizona Revised Statutes, is amended to read:

42-2003. Authorized disclosure of confidential information

A. Confidential information relating to:

1. A taxpayer may be disclosed to the taxpayer, its successor in interest or a designee of the taxpayer who is authorized in writing by the taxpayer. A principal corporate officer of a parent corporation may execute a written authorization for a controlled subsidiary.

2. A corporate taxpayer may be disclosed to any principal officer, any person designated by a principal officer or any person designated in a resolution by the corporate board of directors or other similar governing body.

3. A partnership may be disclosed to any partner of the partnership. This exception does not include disclosure of confidential information of a particular partner unless otherwise authorized.

4. An estate may be disclosed to the personal representative of the estate and to any heir, next of kin or beneficiary under the will of the decedent if the department finds that the heir, next of kin or beneficiary has a material interest that will be affected by the confidential information.

5. A trust may be disclosed to the trustee or trustees, jointly or separately, and to the grantor or any beneficiary of the trust if the department finds that the grantor or beneficiary has a material interest that will be affected by the confidential information.

6. Any taxpayer may be disclosed if the taxpayer has waived any rights to confidentiality either in writing or on the record in any administrative or judicial proceeding.

7. The name and taxpayer identification numbers of persons issued direct payment permits may be publicly disclosed.

B. Confidential information may be disclosed to:

1. Any employee of the department whose official duties involve tax administration.

2. The office of the attorney general solely for its use in preparation for, or in an investigation that may result in, any proceeding involving tax administration before the department or any other agency or board of this state, or before any grand jury or any state or federal court.

3. The department of liquor licenses and control for its use in determining whether a spirituous liquor licensee has paid all transaction privilege taxes and affiliated excise taxes incurred as a result of the

SECRETARY OF STATE

2017 MAY 11 PM 3:05

SECRETARY OF STATE

2017 MAY 11 PM 3:05

sale of spirituous liquor, as defined in section 4-101, at the licensed establishment and imposed on the licensed establishments by this state and its political subdivisions.

4. Other state tax officials whose official duties require the disclosure for proper tax administration purposes if the information is sought in connection with an investigation or any other proceeding conducted by the official. Any disclosure is limited to information of a taxpayer who is being investigated or who is a party to a proceeding conducted by the official.

5. The following agencies, officials and organizations, if they grant substantially similar privileges to the department for the type of information being sought, pursuant to statute and a written agreement between the department and the foreign country, agency, state, Indian tribe or organization:

(a) The United States internal revenue service, alcohol and tobacco tax and trade bureau of the United States treasury, United States bureau of alcohol, tobacco, firearms and explosives of the United States department of justice, United States drug enforcement agency and federal bureau of investigation.

(b) A state tax official of another state.

(c) An organization of states, federation of tax administrators or multistate tax commission that operates an information exchange for tax administration purposes.

(d) An agency, official or organization of a foreign country with responsibilities that are comparable to those listed in subdivision (a), (b) or (c) of this paragraph.

(e) An agency, official or organization of an Indian tribal government with responsibilities comparable to the responsibilities of the agencies, officials or organizations identified in subdivision (a), (b) or (c) of this paragraph.

6. The auditor general, in connection with any audit of the department subject to the restrictions in section 42-2002, subsection D.

7. Any person to the extent necessary for effective tax administration in connection with:

(a) The processing, storage, transmission, destruction and reproduction of the information.

(b) The programming, maintenance, repair, testing and procurement of equipment for purposes of tax administration.

(c) The collection of the taxpayer's civil liability.

8. The office of administrative hearings relating to taxes administered by the department pursuant to section 42-1101, but the department shall not disclose any confidential information:

(a) Regarding income tax or withholding tax.

(b) On any tax issue relating to information associated with the reporting of income tax or withholding tax.

SECRETARY OF STATE

2017 MAY 11 PM 3:05

SECRETARY OF STATE

2017 MAY 11 PM 3:05

9. The United States treasury inspector general for tax administration for the purpose of reporting a violation of internal revenue code section 7213A (26 United States Code section 7213A), unauthorized inspection of returns or return information.

10. The financial management service of the United States treasury department for use in the treasury offset program.

11. The United States treasury department or its authorized agent for use in the state income tax levy program and in the electronic federal tax payment system.

12. The Arizona commerce authority for its use in:

(a) Qualifying renewable energy operations for the tax incentives under sections 42-12006, 43-1083.01 and 43-1164.01.

(b) Qualifying businesses with a qualified facility for income tax credits under sections 43-1083.03 and 43-1164.04.

(c) Fulfilling its annual reporting responsibility pursuant to section 41-1511, subsections U and V and section 41-1512, subsections U and V.

(d) Certifying computer data centers for tax relief under section 41-1519.

13. A prosecutor for purposes of section 32-1164, subsection C.

14. The state fire marshal for use in determining compliance with and enforcing title 37, chapter 9, article 5.

15. The department of transportation for its use in administering taxes, surcharges and penalties prescribed by title 28.

16. The Arizona health care cost containment system administration for its use in administering nursing facility provider assessments.

17. THE DEPARTMENT OF EDUCATION FOR THE PURPOSE OF VERIFYING INCOME ELIGIBILITY TO BE CLASSIFIED AS A LOW-INCOME STUDENT PURSUANT TO SECTION 15-2402, SUBSECTION M.

C. Confidential information may be disclosed in any state or federal judicial or administrative proceeding pertaining to tax administration pursuant to the following conditions:

1. One or more of the following circumstances must apply:

(a) The taxpayer is a party to the proceeding.

(b) The proceeding arose out of, or in connection with, determining the taxpayer's civil or criminal liability, or the collection of the taxpayer's civil liability, with respect to any tax imposed under this title or title 43.

(c) The treatment of an item reflected on the taxpayer's return is directly related to the resolution of an issue in the proceeding.

(d) Return information directly relates to a transactional relationship between a person who is a party to the proceeding and the taxpayer and directly affects the resolution of an issue in the proceeding.

SECRETARY OF STATE

2017 MAY 11 PM 3:05

SECRETARY OF STATE

2017 MAY 11 PM 3:05

2. Confidential information may not be disclosed under this subsection if the disclosure is prohibited by section 42-2002, subsection C or D.

D. Identity information may be disclosed for purposes of notifying persons entitled to tax refunds if the department is unable to locate the persons after reasonable effort.

E. The department, on the request of any person, shall provide the names and addresses of bingo licensees as defined in section 5-401, verify whether or not a person has a privilege license and number, a tobacco product distributor's license and number or a withholding license and number or disclose the information to be posted on the department's website or otherwise publicly accessible pursuant to section 42-1124, subsection F and section 42-3401.

F. A department employee, in connection with the official duties relating to any audit, collection activity or civil or criminal investigation, may disclose return information to the extent that disclosure is necessary to obtain information that is not otherwise reasonably available. These official duties include the correct determination of and liability for tax, the amount to be collected or the enforcement of other state tax revenue laws.

G. If an organization is exempt from this state's income tax as provided in section 43-1201 for any taxable year, the name and address of the organization and the application filed by the organization on which the department made its determination for exemption together with any papers submitted in support of the application and any letter or document issued by the department concerning the application are open to public inspection.

H. Confidential information relating to transaction privilege tax, use tax, severance tax, jet fuel excise and use tax and any other tax collected by the department on behalf of any jurisdiction may be disclosed to any county, city or town tax official if the information relates to a taxpayer who is or may be taxable by a county, city or town or who may be subject to audit by the department pursuant to section 42-6002. Any taxpayer information released by the department to the county, city or town:

1. May only be used for internal purposes, including audits.

2. May not be disclosed to the public in any manner that does not comply with confidentiality standards established by the department. The county, city or town shall agree in writing with the department that any release of confidential information that violates the confidentiality standards adopted by the department will result in the immediate suspension of any rights of the county, city or town to receive taxpayer information under this subsection.

SECRETARY OF STATE

2017 MAY 11 PM 3:05

SECRETARY OF STATE

2017 MAY 11 PM 3:05

I. The department may disclose statistical information gathered from confidential information if it does not disclose confidential information attributable to any one taxpayer. The department may disclose statistical information gathered from confidential information, even if it discloses confidential information attributable to a taxpayer, to:

1. The state treasurer in order to comply with the requirements of section 42-5029, subsection A, paragraph 3.

2. The joint legislative income tax credit review committee, the joint legislative budget committee staff and the legislative staff in order to comply with the requirements of section 43-221.

J. The department may disclose the aggregate amounts of any tax credit, tax deduction or tax exemption enacted after January 1, 1994. Information subject to disclosure under this subsection shall not be disclosed if a taxpayer demonstrates to the department that such information would give an unfair advantage to competitors.

K. Except as provided in section 42-2002, subsection C, confidential information, described in section 42-2001, paragraph 1, subdivision (a), item (ii), may be disclosed to law enforcement agencies for law enforcement purposes.

L. The department may provide transaction privilege tax license information to property tax officials in a county for the purpose of identification and verification of the tax status of commercial property.

M. The department may provide transaction privilege tax, luxury tax, use tax, property tax and severance tax information to the ombudsman-citizens aide pursuant to title 41, chapter 8, article 5.

N. Except as provided in section 42-2002, subsection D, a court may order the department to disclose confidential information pertaining to a party to an action. An order shall be made only on a showing of good cause and that the party seeking the information has made demand on the taxpayer for the information.

O. This section does not prohibit the disclosure by the department of any information or documents submitted to the department by a bingo licensee. Before disclosing the information the department shall obtain the name and address of the person requesting the information.

P. If the department is required or permitted to disclose confidential information, it may charge the person or agency requesting the information for the reasonable cost of its services.

Q. Except as provided in section 42-2002, subsection D, the department of revenue shall release confidential information as requested by the department of economic security pursuant to section 42-1122 or 46-291. Information disclosed under this subsection is limited to the same type of information that the United States internal revenue service is authorized to disclose under section 6103(l)(6) of the internal revenue code.

SECRETARY OF STATE

2017 MAY 11 PM 3:05

SECRETARY OF STATE

2017 MAY 11 PM 3:05

R. Except as provided in section 42-2002, subsection D, the department of revenue shall release confidential information as requested by the courts and clerks of the court pursuant to section 42-1122.

S. To comply with the requirements of section 42-5031, the department may disclose to the state treasurer, to the county stadium district board of directors and to any city or town tax official that is part of the county stadium district confidential information attributable to a taxpayer's business activity conducted in the county stadium district.

T. The department shall release to the attorney general confidential information as requested by the attorney general for purposes of determining compliance with or enforcing any of the following:

1. Any public health control law relating to tobacco sales as provided under title 36, chapter 6, article 14.

2. Any law relating to reduced cigarette ignition propensity standards as provided under title 37, chapter 9, article 5.

3. Sections 44-7101 and 44-7111, the master settlement agreement referred to in those sections and all agreements regarding disputes under the master settlement agreement.

U. For proceedings before the department, the office of administrative hearings, the board of tax appeals or any state or federal court involving penalties that were assessed against a return preparer, an electronic return preparer or a payroll service company pursuant to section 42-1103.02, 42-1125.01 or 43-419, confidential information may be disclosed only before the judge or administrative law judge adjudicating the proceeding, the parties to the proceeding and the parties' representatives in the proceeding prior to its introduction into evidence in the proceeding. The confidential information may be introduced as evidence in the proceeding only if the taxpayer's name, the names of any dependents listed on the return, all social security numbers, the taxpayer's address, the taxpayer's signature and any attachments containing any of the foregoing information are redacted and if either:

1. The treatment of an item reflected on such return is or may be related to the resolution of an issue in the proceeding.

2. Such a return or the return information relates or may relate to a transactional relationship between a person who is a party to the proceeding and the taxpayer that directly affects the resolution of an issue in the proceeding.

3. The method of payment of the taxpayer's withholding tax liability or the method of filing the taxpayer's withholding tax return is an issue for the period.

V. The department and attorney general may share the information specified in subsection T of this section with any of the following:

1. Federal, state or local agencies for the purposes of enforcement of corresponding laws of other states.

SECRETARY OF STATE

2017 MAY 11 PM 3:05

SECRETARY OF STATE

2017 MAY 11 PM 3:05

2. A court, arbitrator, data clearinghouse or similar entity for the purpose of assessing compliance with or making calculations required by the master settlement agreement or agreements regarding disputes under the master settlement agreement, and with counsel for the parties or expert witnesses in any such proceeding, if the information otherwise remains confidential.

W. The department may provide the name and address of qualifying hospitals and qualifying health care organizations, as defined in section 42-5001, to a business classified and reporting transaction privilege tax under the utilities classification.

X. The department may disclose to an official of any city, town or county in a current agreement or considering a prospective agreement with the department as described in section 42-5032.02, subsection F any information relating to amounts subject to distribution required by section 42-5032.02. Information disclosed by the department under this subsection:

1. May only be used by the city, town or county for internal purposes.

2. May not be disclosed to the public in any manner that does not comply with confidentiality standards established by the department. The city, town or county must agree with the department in writing that any release of confidential information that violates the confidentiality standards will result in the immediate suspension of any rights of the city, town or county to receive information under this subsection.

Y. Notwithstanding any other provision of this section, the department may not disclose information provided by an online lodging marketplace, as defined in section 42-5076, without the written consent of the online lodging marketplace, and the information may be disclosed only pursuant to subsection A, paragraphs 1 through 6, subsection B, paragraphs 1, 2, 7 and 8 and subsections C and D of this section. Such information:

1. Is not subject to disclosure pursuant to title 39, relating to public records.

2. May not be disclosed to any agency of this state or of any county, city, town or other political subdivision of this state.

Sec. 5. Laws 2013, chapter 250, section 3 is amended to read:

Sec. 3. <u>New empowerment scholarship accounts authorized in 2014 through 2022; delayed repeal</u>

A. During 2014, 2015, 2016, 2017, 2018, ~~and~~ 2019, 2020, 2021 AND 2022, the number of new empowerment scholarship accounts approved by the department of education each year shall not exceed 0.5 ~~per cent~~ PERCENT of the total number of pupils enrolled in school districts and charter schools in this state during the previous school year.

B. This section is repealed from and after December 31, ~~2019~~ 2022.

SECRETARY OF STATE

2017 MAY 11 PM 3:05

SECRETARY OF STATE
2017 MAY 11 PM 3:06

Sec. 6. Empowerment scholarship account review council; annual report; delayed repeal

A. The empowerment scholarship account review council is established consisting of the following members:

1. Six members who are parents of children who currently receive empowerment scholarship accounts and who have been enrolled in an empowerment scholarship account for at least two years. The governor shall appoint these members.

2. The chairpersons of the education committees of the senate and the house of representatives.

3. The superintendent of public instruction or the superintendent's designee.

B. Appointed members serve at the pleasure of the governor. The members of the council shall select a chairperson from the members appointed pursuant to subsection A, paragraph 1 of this section.

C. Council members are not eligible to receive compensation, but members appointed by the governor are eligible for reimbursement of expenses under title 38, chapter 4, article 2, Arizona Revised Statutes.

D. The council shall:

1. Review and make recommendations to the department of education regarding the administration of empowerment scholarship accounts.

2. Make recommendations to the legislature for changes to the laws regarding empowerment scholarship accounts.

3. Review any changes to the empowerment scholarship accounts policy handbook pursuant to section 15-2403, Arizona Revised Statutes, as amended by this act.

4. Submit a report regarding the council's activities and recommendations on or before December 15 of each year to the governor, the president of the senate and the speaker of the house of representatives and provide a copy of this report to the secretary of state.

E. The department of education shall provide technical assistance to the empowerment scholarship account review council.

F. This section is repealed from and after December 31, 2020.

APPROVED BY THE GOVERNOR APRIL 6, 2017.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 7, 2017.

SECRETARY OF STATE

2017 MAY 11 PM 3:06

Passed the House April 6, 2017,

by the following vote: 31 Ayes,

28 Nays, 1 Not Voting

Speaker of the House

Pro Tempore

Jim Drake

Chief Clerk of the House

Passed the Senate April 6, 2017,

by the following vote: 16 Ayes,

13 Nays, 1 Not Voting

President of the Senate

Susan Reeves

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

6 day of April, 2017,

at 6:59 o'clock P. M.

Secretary to the Governor

Approved this 6th day of

April, 2017,

at 10:30 o'clock P. M.

Governor of Arizona

SECRETARY OF STATE
2017 MAY 11 PM 3:06

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 7 day of April, 2017,

at 2:24 o'clock P M.

Michele Reagan

Secretary of State

S.B. 1431

SECRETARY OF STATE

2017 MAY 11 PM 3:06