

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)

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

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

4 15-2401. Definitions

5 In this chapter, unless the context otherwise requires:

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

14 ~~2.~~ 1. "Curriculum" means a complete course of study for content
15 areas or grade levels, including any supplemental materials required by
16 the curriculum, approved by the department.

17 ~~3.~~ 2. "Department" means the department of education.

18 ~~4.~~ 3. "Eligible postsecondary institution" means a community
19 college as defined in section 15-1401, a university under the jurisdiction
20 of the Arizona board of regents or an accredited private postsecondary
21 institution.

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

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

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

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

35 (a) Is any of the following:

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

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

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

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

1 (v) A CHILD who is currently eligible to attend kindergarten and
2 who resides within the attendance boundary of a school OR SCHOOL DISTRICT
3 that has been assigned a letter grade of D or F pursuant to section
4 15-241.

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

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

13 ~~(vii)~~ (viii) A child who is a ward of the juvenile court and who
14 is residing with a prospective permanent placement pursuant to section
15 8-862 and the case plan is adoption or permanent guardianship.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

43 15-2402. Arizona empowerment scholarship accounts; funds

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

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

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

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

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

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

25 (a) Tuition or fees at a qualified school.

26 (b) Textbooks required by a qualified school.

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

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

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

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

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

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

43 (e) Curricula.

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

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

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

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

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

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

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

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

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

19 ~~(o) Beginning January 1, 2017, if the qualified student meets the~~
20 ~~criteria specified in section 15-2401, paragraph 7, subdivision (a), item~~
21 ~~(i), (ii) or (iii) and if the qualified student is in the second year~~
22 ~~prior to the final year of a contract executed pursuant to this article,~~
23 ~~costs associated with an annual education plan conducted by an independent~~
24 ~~evaluation team. The department shall prescribe minimum qualifications~~
25 ~~for independent evaluation teams pursuant to this subdivision and factors~~
26 ~~that teams must use to determine whether the qualified student shall be~~
27 ~~eligible to continue to receive monies pursuant to this article through~~
28 ~~the school year in which the qualified student reaches twenty-two years of~~
29 ~~age. An independent evaluation team that provides an annual education~~
30 ~~plan pursuant to this subdivision shall submit a written report that~~
31 ~~summarizes the results of the evaluation to the parent of the qualified~~
32 ~~student and to the department on or before July 31. The written report~~
33 ~~submitted by the independent evaluation team is valid for one year. If~~
34 ~~the department determines that the qualified student meets the eligibility~~
35 ~~criteria prescribed in the annual education plan, the qualified student is~~
36 ~~eligible to continue to receive monies pursuant to this article until the~~
37 ~~qualified student reaches twenty-two years of age, subject to annual~~
38 ~~review. A parent may appeal the department's decision pursuant to title~~
39 ~~41, chapter 6, article 10. As an addendum to a qualified student's final-~~
40 ~~year contract, the department shall provide the following written~~
41 ~~information to the parent of the qualified student:~~

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

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

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

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

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

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

12 (a) Computer hardware or other technological devices.

13 (b) Transportation of the pupil.

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

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

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

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

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

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

1 prescribed in sections 15-185 and 15-943 for that particular student ~~if~~
2 ~~that student were attending a charter school~~ BASED ON WHETHER THE STUDENT
3 WAS PREVIOUSLY ATTENDING EITHER A CHARTER SCHOOL OR A SCHOOL DISTRICT.
4 NOTWITHSTANDING ANY OTHER LAW, THE FUNDING LEVEL FOR A STUDENT WHO IS A
5 RECIPIENT OF AN EMPOWERMENT SCHOLARSHIP ACCOUNT ON OR BEFORE JUNE 30, 2017
6 MAY NOT BE REDUCED. The department OF EDUCATION may retain up to five
7 percent of the sum of the base support level and additional assistance
8 prescribed in sections 15-185 and 15-943 for each student with an
9 empowerment scholarship account for deposit in the department of education
10 empowerment scholarship account fund established ~~in~~ BY subsection ~~D~~ E of
11 this section, out of which the department OF EDUCATION shall transfer one
12 percent of the sum of the base support level and additional assistance
13 prescribed in sections 15-185 and 15-943 for each student with an
14 empowerment scholarship account to the ~~state~~ treasurer for deposit in the
15 state treasurer empowerment scholarship account fund established ~~in~~ BY
16 subsection ~~E~~ F of this section AND OUT OF WHICH THE DEPARTMENT OF
17 EDUCATION SHALL TRANSFER AN ADDITIONAL ONE PERCENT OF THE SUM OF THE BASE
18 SUPPORT LEVEL AND ADDITIONAL ASSISTANCE PRESCRIBED IN SECTIONS 15-185 AND
19 15-943 FOR EACH STUDENT WITH AN EMPOWERMENT SCHOLARSHIP ACCOUNT TO THE
20 DEPARTMENT OF REVENUE FOR DEPOSIT IN THE DEPARTMENT OF REVENUE EMPOWERMENT
21 SCHOLARSHIP ACCOUNT FUND ESTABLISHED BY SUBSECTION G OF THIS SECTION.

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

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

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

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

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

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

1 4, SUBDIVISION (c) OF THIS SECTION. THE DEPARTMENT MAY REMOVE QUALIFIED
2 STUDENTS WHO ARE NOT IN COMPLIANCE WITH THIS SUBSECTION FROM THE PROGRAM
3 IN THE SUBSEQUENT YEAR.

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

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

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

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

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

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

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

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

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

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

24 15-2403. Empowerment scholarship accounts; administration;
25 audits; policy handbook; posting

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

30 B. The department shall conduct or contract for annual audits of
31 empowerment scholarship accounts to ensure compliance with section
32 15-2402, subsection B, paragraph 4. The department shall also conduct or
33 contract for random, quarterly and annual audits of empowerment
34 scholarship accounts as needed to ensure compliance with section 15-2402,
35 subsection B, paragraph 4.

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

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

7 D. A parent may appeal, ~~the department's decision~~ pursuant to title
8 41, chapter 6, article 10, AN ADMINISTRATIVE DECISION MADE BY THE
9 DEPARTMENT PURSUANT TO THIS ARTICLE REGARDING DETERMINATIONS OF ALLOWABLE
10 EXPENSES, REMOVAL FROM THE PROGRAM OR ENROLLMENT ELIGIBILITY. THE
11 DEPARTMENT SHALL NOTIFY THE PARENT OF THE PARENT'S ABILITY TO APPEAL AN
12 ADMINISTRATIVE DECISION AT THE SAME TIME THE PARENT IS NOTIFIED OF AN
13 ADMINISTRATIVE DECISION.

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

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

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

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

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

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

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

12 4. Establishing an anonymous telephone hotline for fraud reporting.

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

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

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

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

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

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

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

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

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

3 2. THE NUMBER OF ENROLLED STUDENTS DISAGGREGATED BY ELIGIBILITY.

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

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

8 42-2003. Authorized disclosure of confidential information

9 A. Confidential information relating to:

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

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

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

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

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

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

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

35 B. Confidential information may be disclosed to:

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

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

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

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

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

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

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

20 (b) A state tax official of another state.

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

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

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

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

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

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

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

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

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

43 (a) Regarding income tax or withholding tax.

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

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

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

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

10 12. The Arizona commerce authority for its use in:

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

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

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

18 (d) Certifying computer data centers for tax relief under section
19 41-1519.

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

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

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

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

27 17. THE DEPARTMENT OF EDUCATION FOR THE PURPOSE OF VERIFYING INCOME
28 ELIGIBILITY TO BE CLASSIFIED AS A LOW-INCOME STUDENT PURSUANT TO SECTION
29 15-2402, SUBSECTION M.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

38 Q. Except as provided in section 42-2002, subsection D, the
39 department of revenue shall release confidential information as requested
40 by the department of economic security pursuant to section 42-1122 or
41 46-291. Information disclosed under this subsection is limited to the
42 same type of information that the United States internal revenue service
43 is authorized to disclose under section 6103(1)(6) of the internal revenue
44 code.

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

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

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

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

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

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

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

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

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

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

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

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

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

7 W. The department may provide the name and address of qualifying
8 hospitals and qualifying health care organizations, as defined in section
9 42-5001, to a business classified and reporting transaction privilege tax
10 under the utilities classification.

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

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

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

25 Y. Notwithstanding any other provision of this section, the
26 department may not disclose information provided by an online lodging
27 marketplace, as defined in section 42-5076, without the written consent of
28 the online lodging marketplace, and the information may be disclosed only
29 pursuant to subsection A, paragraphs 1 through 6, subsection B, paragraphs
30 1, 2, 7 and 8 and subsections C and D of this section. Such information:

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

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

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

36 Sec. 3. New empowerment scholarship accounts authorized in
37 2014 through 2022; delayed repeal

38 A. During 2014, 2015, 2016, 2017, 2018, ~~and~~ 2019, 2020, 2021 AND
39 2022, the number of new empowerment scholarship accounts approved by the
40 department of education each year shall not exceed 0.5 ~~percent~~ PERCENT of
41 the total number of pupils enrolled in school districts and charter
42 schools in this state during the previous school year.

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

1 Sec. 6. Empowerment scholarship account review council;
2 annual report; delayed repeal
3 A. The empowerment scholarship account review council is
4 established consisting of the following members:
5 1. Six members who are parents of children who currently receive
6 empowerment scholarship accounts and who have been enrolled in an
7 empowerment scholarship account for at least two years. The governor
8 shall appoint these members.
9 2. The chairpersons of the education committees of the senate and
10 the house of representatives.
11 3. The superintendent of public instruction or the superintendent's
12 designee.
13 B. Appointed members serve at the pleasure of the governor. The
14 members of the council shall select a chairperson from the members
15 appointed pursuant to subsection A, paragraph 1 of this section.
16 C. Council members are not eligible to receive compensation, but
17 members appointed by the governor are eligible for reimbursement of
18 expenses under title 38, chapter 4, article 2, Arizona Revised Statutes.
19 D. The council shall:
20 1. Review and make recommendations to the department of education
21 regarding the administration of empowerment scholarship accounts.
22 2. Make recommendations to the legislature for changes to the laws
23 regarding empowerment scholarship accounts.
24 3. Review any changes to the empowerment scholarship accounts
25 policy handbook pursuant to section 15-2403, Arizona Revised Statutes, as
26 amended by this act.
27 4. Submit a report regarding the council's activities and
28 recommendations on or before December 15 of each year to the governor, the
29 president of the senate and the speaker of the house of representatives
30 and provide a copy of this report to the secretary of state.
31 E. The department of education shall provide technical assistance
32 to the empowerment scholarship account review council.
33 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.