

Senate Engrossed

document retention; proposals; donations

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

SENATE BILL 1612

AN ACT

AMENDING SECTIONS 36-2988 AND 41-2501, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 23, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-2505; AMENDING SECTION 41-2550, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 24, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-2707; RELATING TO THE DEPARTMENT OF ADMINISTRATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 36-2988, Arizona Revised Statutes, is amended to
3 read:

4 36-2988. Delivery of services; health plans; requirements

5 A. To the extent possible, the administration shall use contractors
6 that have a contract with the administration pursuant to article 1 of this
7 chapter or qualifying plans to provide services to members who qualify for
8 the program.

9 B. The administration has full authority to amend existing
10 contracts awarded pursuant to article 1 of this chapter.

11 C. As determined by the director, reinsurance may be provided
12 against expenses in excess of a specified amount on behalf of any member
13 for covered emergency services, inpatient services or outpatient services
14 in the same manner as reinsurance provided under article 1 of this
15 chapter. Subject to the approval of the director, reinsurance may be
16 obtained against expenses in excess of a specified amount on behalf of any
17 member.

18 D. Notwithstanding any other law, the administration may procure,
19 provide or coordinate covered services by interagency agreement with
20 authorized agencies of this state for distinct groups of members,
21 including persons eligible for children's rehabilitative services through
22 the department of economic security and members eligible for comprehensive
23 medical and dental benefits through the department of child safety.

24 E. After contracts are awarded pursuant to this section, the
25 director may negotiate with any successful bidder for the expansion or
26 contraction of services or service areas.

27 F. Payments to contractors shall be made monthly and may be subject
28 to contract provisions requiring the retention of a specified percentage
29 of the payment by the director, a reserve fund or any other contract
30 provisions by which adjustments to the payments are made based on
31 utilization efficiency, including incentives for maintaining quality care
32 and minimizing unnecessary inpatient services. Reserve monies withheld
33 from contractors shall be distributed to providers who meet performance
34 standards established by the director. Any reserve fund established
35 pursuant to this subsection shall be established as a separate account
36 within the Arizona health care cost containment system.

37 G. The director may negotiate at any time with a hospital on behalf
38 of a contractor for inpatient hospital services and outpatient hospital
39 services provided pursuant to the requirements specified in section
40 36-2904.

41 H. A contractor may require that subcontracting providers or
42 noncontracting providers be paid for covered services, other than hospital
43 services, according to the capped fee-for-service schedule adopted by the
44 administration or at lower rates as may be negotiated by the contractor.

1 I. A school district may perform outreach and information
2 activities that relate to this article, with permission of the school
3 principal and school district. The administration and contractors may
4 collaborate with entities such as community based organizations, faith
5 based organizations, schools and school districts for outreach and
6 information activities related to this article. Outreach and information
7 activities shall not include delivery of services, screening activities,
8 eligibility determination or enrollment related to this article. Outreach
9 and information activities include promotion of health care coverage,
10 participation in school events and distribution of applications and
11 materials to pupils and their families. Outreach and information
12 activities performed by the administration, contractors or a school
13 district shall not reduce or interfere with classroom instruction time.

14 ~~J. The administration is exempt from the procurement code pursuant~~
15 ~~to section 41-2501.~~

16 Sec. 2. Section 41-2501, Arizona Revised Statutes, is amended to
17 read:

18 41-2501. Applicability

19 A. This chapter applies only to procurements initiated after
20 January 1, 1985 unless the parties agree to its application to
21 procurements initiated before that date.

22 B. This chapter applies to every expenditure of public monies,
23 including federal assistance monies except as otherwise specified in
24 section 41-2637, by this state, acting through a state governmental
25 unit, under any contract, except that this chapter does not apply to
26 either grants, or contracts between this state and its political
27 subdivisions or other governments, except as provided in chapter 24 of
28 this title and in article 10 of this chapter. This chapter also applies
29 to the disposal of state materials. This chapter and rules adopted under
30 this chapter do not prevent any state governmental unit or political
31 subdivision from complying with the terms of any grant, gift, bequest or
32 cooperative agreement.

33 C. All political subdivisions and other local public agencies of
34 this state may adopt all or any part of this chapter and the rules adopted
35 pursuant to this chapter.

36 D. Notwithstanding any other law, sections 41-2517 and 41-2546
37 apply to any agency as defined in section 41-1001, including the office of
38 the governor.

39 E. The Arizona board of regents and the legislative and judicial
40 branches of state government are not subject to this chapter except as
41 prescribed in subsections F and G of this section.

42 F. The Arizona board of regents shall adopt rules prescribing
43 procurement policies and procedures for itself and institutions under its
44 jurisdiction. The rules must be substantially equivalent to the other

1 policies and procedures prescribed in this chapter, including sections
2 41-2576 and 41-2577.

3 G. The judicial branch shall adopt rules prescribing procurement
4 policies and procedures for itself and institutions under its
5 jurisdiction. The rules must be substantially equivalent to the policies
6 and procedures prescribed in this chapter.

7 H. The Arizona state lottery commission is exempt from this chapter
8 for procurement relating to the design and operation of the lottery or
9 purchase of lottery equipment, tickets and related materials. The
10 executive director of the Arizona state lottery commission shall adopt
11 rules substantially equivalent to the policies and procedures in this
12 chapter for procurement relating to the design and operation of the
13 lottery or purchase of lottery equipment, tickets or related materials.
14 All other procurement shall be as prescribed by this chapter.

15 ~~I. The Arizona health care cost containment system administration~~
16 ~~is exempt from this chapter for provider contracts pursuant to section~~
17 ~~36-2904, subsection A and contracts for goods and services, including~~
18 ~~program contractor contracts pursuant to title 36, chapter 29, articles 2~~
19 ~~and 3 and contracts with regional behavioral health authorities pursuant~~
20 ~~to title 36, chapter 34. All other procurement, including contracts for~~
21 ~~the statewide administrator of the program pursuant to section 36-2903,~~
22 ~~subsection B, shall be as prescribed by this chapter.~~

23 ~~J.~~ I. Arizona correctional industries is exempt from this chapter
24 for purchases of raw materials, components and supplies that are used in
25 the manufacture or production of goods or services for sale entered into
26 pursuant to section 41-1622. All other procurement shall be as prescribed
27 by this chapter.

28 ~~K.~~ J. The state transportation board and the director of the
29 department of transportation are exempt from this chapter other than
30 sections 41-2517 and 41-2586 and are subject to title 28, chapter 20 and 2
31 Code of Federal Regulations section 200.317 for the procurement of the
32 following:

33 1. All items of construction, reconstruction, rehabilitation,
34 preservation or improvement undertaken on highway infrastructure.

35 2. Engineering services and any other work or activity to carry out
36 engineering services related to highway infrastructure.

37 3. Right-of-way services related to land titles, appraisals, real
38 property acquisitions, relocation services, property management and
39 facility design.

40 4. Any other construction, reconstruction, rehabilitation,
41 preservation or improvement work or activity that is required pursuant to
42 title 28, chapter 20.

~~K.~~ K. The Arizona highways magazine is exempt from this chapter for contracts for the production, promotion, distribution and sale of the magazine and related products and for contracts for sole source creative works entered into pursuant to section 28-7314, subsection A, paragraph 5. All other procurement shall be as prescribed by this chapter.

~~M.~~ L. The secretary of state is exempt from this chapter for contracts entered into pursuant to section 41-1012 to publish and sell the administrative code. All other procurement shall be as prescribed by this chapter.

~~N.~~ M. This chapter does not apply to contracts for professional witnesses if the purpose of such contracts is to provide for professional services or testimony relating to an existing or probable judicial proceeding in which this state is or may become a party or to contract for special investigative services for law enforcement purposes.

~~O.~~ N. The head of any state governmental unit, in relation to any contract exempted by this section from this chapter, has the same authority to adopt rules, procedures or policies as is delegated to the director pursuant to this chapter.

~~P.~~ O. Agreements negotiated by legal counsel representing this state in settlement of litigation or threatened litigation are exempt from this chapter.

~~P.~~ P. This chapter is not applicable to contracts entered into by the department of economic security:

1. With a provider licensed or certified by an agency of this state to provide child day care services.

2. With area agencies on aging created pursuant to the older Americans act of 1965 (P.L. 89-73; 79 Stat. 218; 42 United States Code sections 3001 through 3058ff).

3. For services pursuant to title 36, chapter 29, article 2.

4. With an eligible entity as defined by Public Law 105-285, section 673(1)(A)(i), as amended, for designated community services block grant program monies and any other monies given to the eligible entity that accomplishes the purpose of Public Law 105-285, section 672.

~~Q.~~ Q. The Arizona health care cost containment system may not require that persons with whom it contracts follow this chapter for the purposes of subcontracts entered into for the provision of the following:

1. Mental health services pursuant to section 36-189, subsection B.

2. Services for the seriously mentally ill pursuant to title 36, chapter 5, article 10.

3. Drug and alcohol services pursuant to section 36-141.

~~R.~~ R. The department of health services may not require that persons with whom it contracts follow this chapter for the purpose of subcontracts entered into for the provision of domestic violence services pursuant to title 36, chapter 30, article 1.

1 ~~T.~~ S. The department of health services is exempt from this
2 chapter for contracts for services of physicians at the Arizona state
3 hospital and contracts to provide medically necessary physical health care
4 to individuals under the care of the Arizona state hospital.

5 ~~U.~~ T. Contracts for goods and services approved by the board of
6 trustees of the public safety personnel retirement system are exempt from
7 this chapter.

8 ~~V.~~ U. The Arizona department of agriculture is exempt from this
9 chapter with respect to contracts for private labor and equipment to
10 effect cotton or cotton stubble plow-up pursuant to rules adopted under
11 title 3, chapter 2, article 1.

12 ~~W.~~ V. The Arizona state parks board is exempt from this chapter
13 for purchases of guest supplies and items for resale such as food, linens,
14 gift items, sundries, furniture, china, glassware and utensils for the
15 facilities located in the Tonto natural bridge state park.

16 ~~X.~~ W. The Arizona state parks board is exempt from this chapter
17 for the purchase, production, promotion, distribution and sale of
18 publications, souvenirs and sundry items obtained and produced for resale.

19 ~~Y.~~ X. The Arizona state schools for the deaf and the blind are
20 exempt from this chapter for the purchase of textbooks and when purchasing
21 products through a cooperative that is organized and operates in
22 accordance with state law if such products are not available on a
23 statewide contract and are related to the operation of the schools or are
24 products for which special discounts are offered for educational
25 institutions.

26 ~~Z.~~ Y. Expenditures of monies in the morale, welfare and
27 recreational fund established by section 26-153 are exempt from this
28 chapter.

29 ~~AA.~~ Z. Notwithstanding section 41-2534, the director of the state
30 department of corrections may contract with local medical providers in
31 counties with a population of less than four hundred thousand persons for
32 the following purposes:

33 1. To acquire hospital and professional medical services for
34 inmates who are incarcerated in state department of corrections facilities
35 that are located in those counties.

36 2. To ensure the availability of emergency medical services to
37 inmates in all counties by contracting with the closest medical facility
38 that offers emergency treatment and stabilization.

39 ~~BB.~~ AA. The department of environmental quality is exempt from
40 this chapter for contracting for procurements relating to the water
41 quality assurance revolving fund program established pursuant to title 49,
42 chapter 2, article 5. The department shall engage in a source selection
43 process that is similar to the procedures prescribed by this chapter. The
44 department may contract for remedial actions with a single selection

1 process. The exclusive remedy for disputes or claims relating to
2 contracting pursuant to this subsection is as prescribed by article 9 of
3 this chapter and the rules adopted pursuant to that article. All other
4 procurement by the department shall be as prescribed by this chapter.

5 ~~CC.~~ BB. The motor vehicle division of the department of
6 transportation is exempt from this chapter for third-party authorizations
7 pursuant to title 28, chapter 13, only if all of the following conditions
8 exist:

9 1. The division does not pay any public monies to an authorized
10 third party.

11 2. Exclusivity is not granted to an authorized third party.

12 3. The director has complied with the requirements prescribed in
13 title 28, chapter 13 in selecting an authorized third party.

14 ~~DD.~~ CC. This section does not exempt third-party authorizations
15 pursuant to title 28, chapter 13 from any other applicable law.

16 ~~EE.~~ DD. The state forester is exempt from this chapter for
17 purchases and contracts relating to wildland fire suppression and
18 pre-positioning equipment resources and for other activities related to
19 combating wildland fires and other unplanned risk activities, including
20 fire, flood, earthquake, wind and hazardous material responses. All other
21 procurement by the state forester shall be as prescribed by this chapter.

22 ~~FF.~~ EE. The cotton research and protection council is exempt from
23 this chapter for procurements.

24 ~~GG.~~ FF. The Arizona commerce authority is exempt from this
25 chapter, except article 10 for the purpose of cooperative purchases. The
26 authority shall adopt policies, procedures and practices, in consultation
27 with the department of administration, that are similar to and based on
28 the policies and procedures prescribed by this chapter for the purpose of
29 increased public confidence, fair and equitable treatment of all persons
30 engaged in the process and fostering broad competition while accomplishing
31 flexibility to achieve the authority's statutory requirements. The
32 authority shall make its policies, procedures and practices available to
33 the public. The authority may exempt specific expenditures from the
34 policies, procedures and practices.

35 ~~HH.~~ GG. The Arizona exposition and state fair board is exempt from
36 this chapter for contracts for professional entertainment.

37 ~~II.~~ HH. This chapter does not apply to purchases of water, gas or
38 electric utilities.

39 ~~JJ.~~ II. This chapter does not apply to professional
40 certifications, professional memberships and conference registrations.

41 ~~KK.~~ JJ. The department of gaming is exempt from this chapter for
42 problem gambling treatment services contracts with licensed behavioral
43 health professionals.

~~KK.~~ KK. This chapter does not apply to contracts for credit reporting services.

~~MM.~~ LL. This chapter does not apply to contracts entered into by the department of child safety:

1. With a provider of family foster care pursuant to section 8-503.

2. With an eligible entity as defined by Public Law 105-285, section 673(1)(A)(i), as amended, for designated community services block grant program monies and any other monies given to the eligible entity that accomplishes the purpose of Public Law 105-285, section 672.

3. For services pursuant to title 36, chapter 29, article 1 and as set forth in the approved medicaid state plan.

~~NN.~~ MM. This chapter does not apply to contracts entered into by the department of economic security with a financial institution to serve as a program manager and depository under section 46-903.

Sec. 3. Title 41, chapter 23, article 1, Arizona Revised Statutes, is amended by adding section 41-2505, to read:

41-2505. Request for proposals; governor; donations; disclosure

NOTWITHSTANDING ANY OTHER LAW, A COMPANY THAT RESPONDS TO A REQUEST FOR PROPOSALS SHALL DISCLOSE ANYTHING OF VALUE THAT THE COMPANY, ITS OFFICERS OR DIRECTORS OR ANY OF THEIR FAMILY MEMBERS HAVE PROVIDED, DIRECTLY OR INDIRECTLY, DURING THE PRECEDING FIVE YEARS TO ANY OF THE FOLLOWING:

1. THE GOVERNOR.

2. ANY ENTITY ESTABLISHED, FINANCED, MAINTAINED OR CONTROLLED BY THE GOVERNOR OR AN AGENT OF THE GOVERNOR, INCLUDING A CAMPAIGN COMMITTEE, A JOINT FUNDRAISING COMMITTEE OR AN INAUGURAL FUND.

3. AN ENTITY THAT ADVOCATED FOR THE ELECTION OF THE GOVERNOR OR FOR THE DEFEAT OF AN ELECTORAL OPPONENT OF THE GOVERNOR, INCLUDING A POLITICAL COMMITTEE OR OTHER NONPROFIT ORGANIZATION THAT MADE ANY INDEPENDENT EXPENDITURES.

Sec. 4. Section 41-2550, Arizona Revised Statutes, is amended to read:

41-2550. Retention of procurement records; resolicitation of contracts

A. All procurement records shall be retained and disposed of in accordance with records retention guidelines and schedules approved by the Arizona state library, archives and public records.

B. STATE AGENCIES AND STATE EMPLOYEES MAY NOT DESTROY ANY NOTES TAKEN DURING THE EVALUATION OF A COMPANY THAT RESPONDS TO A REQUEST FOR PROPOSALS. IF AN AGENCY OR AN EMPLOYEE DESTROYS ANY NOTES PURSUANT TO THIS SUBSECTION, ALL CONTRACTS THAT WERE RELATED TO THE DESTROYED NOTES AND THAT WERE AGREED TO FROM AND AFTER THE EFFECTIVE DATE OF THIS AMENDMENT TO THIS SECTION MAY BE RESOLICITED.

1 Sec. 5. Title 41, chapter 24, article 1, Arizona Revised Statutes,
2 is amended by adding section 41-2707, to read:

3 41-2707. Grants; governor donations; disclosure

4 NOTWITHSTANDING ANY OTHER LAW, A COMPANY THAT APPLIES FOR A GRANT
5 SHALL DISCLOSE ANYTHING OF VALUE THAT THE COMPANY, ITS OFFICERS OR
6 DIRECTORS OR ANY OF THEIR FAMILY MEMBERS HAVE PROVIDED, DIRECTLY OR
7 INDIRECTLY, DURING THE PRECEDING FIVE YEARS TO ANY OF THE FOLLOWING:

8 1. THE GOVERNOR.

9 2. ANY ENTITY ESTABLISHED, FINANCED, MAINTAINED OR CONTROLLED BY
10 THE GOVERNOR OR AN AGENT OF THE GOVERNOR, INCLUDING A CAMPAIGN COMMITTEE,
11 A JOINT FUNDRAISING COMMITTEE OR AN INAUGURAL FUND.

12 3. AN ENTITY THAT ADVOCATED FOR THE ELECTION OF THE GOVERNOR OR FOR
13 THE DEFEAT OF AN ELECTORAL OPPONENT OF THE GOVERNOR, INCLUDING A POLITICAL
14 COMMITTEE OR OTHER NONPROFIT ORGANIZATION THAT MADE ANY INDEPENDENT
15 EXPENDITURES.