State of Arizona  
House of Representatives  
Fifty-third Legislature  
First Regular Session  
2017  

HOUSE BILL 2372  

AN ACT  
AMENDING TITLE 41, CHAPTER 6, ARTICLE 7.2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-1080.01; AMENDING SECTION 46-201, ARIZONA REVISED STATUTES; AMENDING TITLE 46, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 46-219; AMENDING SECTIONS 46-294 AND 46-297, ARIZONA REVISED STATUTES; AMENDING TITLE 46, CHAPTER 2, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 46-297.01 AND 46-297.02; AMENDING SECTIONS 46-299 AND 46-300, ARIZONA REVISED STATUTES; AMENDING TITLE 46, CHAPTER 2, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 46-300.07; RELATING TO PUBLIC BENEFITS.  

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1.  Heading change

The article heading of title 41, chapter 6, article 7.2, Arizona Revised Statutes, is changed from "LICENSING ELIGIBILITY" to "LICENSING REQUIREMENTS".

Sec. 2.  Title 41, chapter 6, article 7.2, Arizona Revised Statutes, is amended by adding section 41-1080.01, to read:

41-1080.01.  Licensing fees; waiver; definitions

A. EXCEPT FOR AN INDIVIDUAL WHO APPLIES FOR A LICENSE PURSUANT TO TITLE 36, CHAPTER 4, ARTICLE 10 OR CHAPTER 28.1, AN AGENCY SHALL WAIVE ANY FEE CHARGED FOR AN INITIAL LICENSE FOR ANY INDIVIDUAL APPLICANT WHOSE FAMILY INCOME DOES NOT EXCEED TWO HUNDRED PERCENT OF THE FEDERAL POVERTY GUIDELINES IF THE INDIVIDUAL IS APPLYING FOR THAT SPECIFIC LICENSE IN THIS STATE FOR THE FIRST TIME.

B. FOR THE PURPOSES OF THIS SECTION, "AGENCY" AND "LICENSE" HAVE THE SAME MEANINGS PRESCRIBED IN SECTION 41-1080.

Sec. 3.  Section 46-201, Arizona Revised Statutes, is amended to read:

46-201.  Application for assistance; notice of penalties

A. Application for any form of assistance or service under this title shall be made to a department in this state as specified by the program. The application shall be in writing or reduced to writing on forms prescribed by the state department and shall include a statement subscribed by the applicant certifying that the contents of the application are true under penalty of perjury. The application shall bear the applicant’s signature, which may be electronic. The application shall contain a statement of the amount of property both personal and real in which the applicant has an interest and of all income that the applicant has at the time of filing the application, and a statement of any property assigned or transferred by the applicant within one year immediately before filing the application for assistance, and any further information prescribed by the state department.

B. The department shall use application forms that contain appropriate notice of the penalties for fraud, INCLUDING NOTICE THAT IT IS MANDATORY FOR A RECIPIENT TO COOPERATE WITH A FRAUD INVESTIGATION AND THAT ANY FAILURE TO COOPERATE MAY RESULT IN A CASE CLOSURE AND THE TERMINATION OF BENEFITS WITHIN TEN DAYS OF NOTICE OF THE TERMINATION FROM THE DEPARTMENT. THE DEPARTMENT shall deliver to each recipient before the first payment of assistance or delivery of service and each redetermination thereafter a notice explaining what changes in circumstances require written notification to the department pursuant to section 46-213, subsection A.
Sec. 4. Title 46, chapter 2, article 1, Arizona Revised Statutes, is amended by adding section 46-219, to read:  

46-219. Supplemental nutrition assistance program; eligibility after conviction; drug testing  

A. NOTWITHSTANDING SECTION 13-3418 AND IF THE PERSON AGREES TO RANDOM DRUG TESTING, A PERSON WHO IS CONVICTED AFTER AUGUST 22, 1996 OF A FELONY OFFENSE THAT HAS AS AN ELEMENT OF THE OFFENSE THE USE OR POSSESSION OF A CONTROLLED SUBSTANCE AS DEFINED IN 21 UNITED STATES CODE SECTION 802(6) MAY BE ELIGIBLE FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM IF THE PERSON MEETS AT LEAST ONE OF THE FOLLOWING CRITERION:  

1. SUCCESSFULLY COMPLETES A SUBSTANCE ABUSE TREATMENT PROGRAM.  
2. IS CURRENTLY ACCEPTED FOR TREATMENT IN A SUBSTANCE ABUSE TREATMENT PROGRAM BUT IS SUBJECT TO A WAITING LIST TO RECEIVE AVAILABLE TREATMENT, AND THE PERSON REMAINS ENROLLED IN THE TREATMENT PROGRAM AND ENTERS THE TREATMENT PROGRAM AT THE FIRST AVAILABLE OPPORTUNITY.  
3. IS CURRENTLY ACCEPTED FOR TREATMENT IN AND IS PARTICIPATING IN A SUBSTANCE ABUSE TREATMENT PROGRAM.  
4. IS DETERMINED BY A LICENSED MEDICAL PROVIDER TO NOT NEED SUBSTANCE ABUSE TREATMENT.  
5. IF APPLICABLE, IS IN COMPLIANCE WITH ALL TERMS OF PROBATION.  

B. THE DEPARTMENT SHALL ADOPT RULES RELATED TO DRUG TESTING PURSUANT TO THIS SECTION THAT INCLUDE MORE FREQUENT DRUG TESTING FOR OFFENSES THAT OCCURRED WITHIN TWENTY-FOUR MONTHS OF THE DATE OF APPLICATION.  

Sec. 5. Section 46-294, Arizona Revised Statutes, is amended to read:  

46-294. Duration of assistance  

A. A needy family is ineligible for a cash assistance grant awarded under this article, except in case of hardship OR AS PROVIDED IN SUBSECTION G OF THIS SECTION, if any of the following applies:  

1. The needy family includes a head of household or the spouse of the head of household who has received cash assistance for himself for a total of twelve months.  
2. The needy family includes a cash assistance ineligible parent or the spouse of the ineligible parent who has received cash assistance on behalf of an eligible dependent child for a total of twelve months.  
3. The needy family includes an adult nonparent relative head of household or the spouse of the adult nonparent relative head of household who has received cash assistance on behalf of an eligible dependent child for a total of twelve months.  

B. The time limit prescribed in subsection A OF THIS SECTION applies retroactively to cash assistance received under this article or the Arizona works program on or after October 1, 2002. The time limit applies regardless of:  

1. Whether the twelve months are consecutive.
2. The source of funding for the program.

C. The twelve month time limit prescribed in this section does not apply to child only cases.

D. In determining the number of months that assistance has been received, the department shall disregard any month during which assistance is received by:
   1. A foster parent, an unrelated adult or a nonparent relative, in a child only case.
   2. An assistance unit during the time in which the assistance unit resides on an Indian reservation in which the unemployment rate of the adults residing on the Indian reservation exceeds fifty percent.
   3. An assistance unit if the cash assistance grant is less than the full monthly amount of cash assistance for which the assistance unit qualifies based on the date of the application.
   4. An adult recipient who as a minor child was not a head of household or married to a head of household.

E. Except in case of hardship OR AS PROVIDED IN SUBSECTION G OF THIS SECTION, an assistance unit in which any adult or minor parent of a dependent child who is a head of household or married to a head of household has received sixty months of assistance funded in whole or in part by the temporary assistance for needy families block grant in this or any other state or United States territory or from a tribal temporary assistance for needy families program shall not be eligible to receive under any circumstances more than sixty months of such assistance.

F. Consistent with the adopted state plan, cash assistance shall terminate on July 1, 2016 for any family, without regard to whether the family meets the financial criteria established for a needy family, that has received twelve or more months of cash assistance as of that date.

G. A NEEDY FAMILY MAY RECEIVE CASH ASSISTANCE FOR AN ADDITIONAL TWELVE MONTHS IF BOTH OF THE FOLLOWING APPLY:
   1. THE HEAD OF HOUSEHOLD OR OTHER ADULT HOUSEHOLD MEMBER WHO IS REQUIRED TO PARTICIPATE IN THE WORK PROGRAM IS IN FULL COMPLIANCE AND REMAINS IN FULL COMPLIANCE WITH ALL WORK ACTIVITY REQUIREMENTS OF THE PROGRAM.
   2. EACH DEPENDENT CHILD IN THE ASSISTANCE UNIT, WHO IS REQUIRED TO ATTEND SCHOOL PURSUANT TO SECTION 15-803, NOT INCLUDING CHILD ONLY CASES, HAS A SCHOOL ATTENDANCE RECORD OF AT LEAST NINETY PERCENT UNLESS THE CHILD WAS EXCUSED PURSUANT TO SECTION 15-802, SUBSECTION D, PARAGRAPH 1, 3, 5, 6 OR 7.

Sec. 6. Section 46-297, Arizona Revised Statutes, is amended to read:

46-297. Electronic benefit transfers; prohibitions; penalties; violation; classification; definitions
A. A head of household who receives cash assistance pursuant to this section ARTICLE, or on behalf of another person, and any person
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authorized by the head of household shall not conduct an electronic benefit transfer card transaction at any of the following:

1. A liquor store.
2. A commercial horse racing or dog racing facility as defined in section 5-101.
3. A casino, gambling casino or gaming establishment or a gaming facility located on Indian lands pursuant to section 5-601.02.
4. An adult oriented entertainment establishment.
5. A medical marijuana dispensary.

B. IN ADDITION TO THE RESTRICTIONS PRESCRIBED IN SUBSECTION A OF THIS SECTION, A HEAD OF HOUSEHOLD WHO RECEIVES CASH ASSISTANCE PURSUANT TO THIS ARTICLE, OR ON BEHALF OF ANOTHER PERSON, AND ANY PERSON AUTHORIZED BY THE HEAD OF HOUSEHOLD MAY NOT USE AN ELECTRONIC BENEFIT TRANSFER CARD TO PURCHASE LOTTERY TICKETS.

B. C. It is unlawful for an adult oriented entertainment establishment to operate on the licensed or permitted premises an automatic teller machine or a point-of-sale terminal that accepts electronic benefit transfer cards issued under this title or that processes electronic benefit transfer card transactions. A violation of this subsection is a license violation.

B. D. The department shall notify electronic benefit transfer card recipients of the restrictions prescribed in subsection A of this section.

B. E. A person who violates subsection A, or B OR C of this section is guilty of a class 1 misdemeanor.

B. F. For the purposes of this section:

1. "Adult oriented entertainment establishment" means an entertainment business at which performers disrobe or perform in an unclothed state.
2. Casino, gambling casino and gaming establishment do not include either of the following:
   (a) A grocery store that sells groceries, including staple foods, and that is located in the same building or complex as a casino, gambling casino or gaming establishment.
   (b) Any other business that offers gambling or gaming activities incidental to the principal purpose of the business.
3. "Electronic benefit transfer card transaction" means the use of a credit or debit card service, automated teller machine or point-of-sale terminal or access to an online system for the withdrawal of cash assistance provided pursuant to this article or for the processing of a payment for merchandise or a service from cash assistance provided pursuant to this article.
4. "Liquor" means the following substances as defined in section 4-101:
   (a) Beer.
   (b) Wine.
(c) Distilled spirits.
(d) Spirituous liquor.

5. "Liquor store" means:
   (a) A retail establishment that exclusively or primarily sells liquor, but does not include a grocery store that sells both liquor and groceries, including staple foods.
   (b) An on-sale retailer as defined in section 4-101 if the on-sale retailer sells liquor in the original container for consumption off premises.

6. "Staple food" means food in any of the following categories except accessory food items such as coffee, tea, cocoa, carbonated and uncarbonated drinks, candy, condiments and spices:
   (a) Meat, poultry or fish.
   (b) Bread or cereals.
   (c) Vegetables or fruits.
   (d) Dairy products.

Sec. 7. Title 46, chapter 2, article 5, Arizona Revised Statutes, is amended by adding sections 46-297.01 and 46-297.02, to read:

46-297.01. Electronic benefit transfer cards; replacements; out-of-state spending; fraud investigation

A. THE DEPARTMENT SHALL SEND EACH RECIPIENT WHO REQUESTS TWO REPLACEMENT CARDS WITHIN A TWELVE-MONTH PERIOD A LETTER INFORMING THE RECIPIENT THAT ANOTHER REQUEST WILL INITIATE AN INVESTIGATION BY THE DEPARTMENT TO DETERMINE WHETHER THERE IS FRAUD. IF A THIRD-PARTY VENDOR IS ADMINISTERING REPLACEMENT CARDS DIRECTLY TO RECIPIENTS, THE VENDOR SHALL NOTIFY THE DEPARTMENT AFTER A RECIPIENT REQUESTS A SECOND REPLACEMENT CARD IN A TWELVE-MONTH PERIOD AND MAKES ANY SUBSEQUENT REQUEST THEREAFTER.

B. AFTER A RECIPIENT'S REQUEST FOR A THIRD REPLACEMENT CARD WITHIN ANY TWELVE-MONTH PERIOD AND ANY SUBSEQUENT REQUEST THEREAFTER, THE DEPARTMENT SHALL SCHEDULE AN INTERVIEW WITH THE RECIPIENT AND, IF THE DEPARTMENT HAS BEEN GRANTED A WAIVER, DETERMINE WHETHER THERE IS FRAUD BEFORE ISSUING A NEW CARD. THE RECIPIENT'S REQUEST FOR A FOURTH REPLACEMENT CARD REQUIRES THE DEPARTMENT TO SCHEDULE AN INTERVIEW WITH THE RECIPIENT TO DETERMINE WHETHER THERE IS FRAUD BEFORE ISSUING A NEW CARD. THE DEPARTMENT SHALL REQUEST ANY NECESSARY FEDERAL WAIVERS TO COMPLY WITH THIS SECTION.

C. IF A RECIPIENT USES MORE THAN TEN PERCENT OF THE RECIPIENT'S ELECTRONIC BENEFIT TRANSFER CARD BALANCE IN A SIX-MONTH PERIOD ON OUT-OF-STATE PURCHASES, THE DEPARTMENT SHALL SCHEDULE AN INTERVIEW WITH THE RECIPIENT TO DETERMINE WHETHER THERE IS FRAUD.

46-297.02. Electronic benefit transfer card; spending report

A. THE DEPARTMENT SHALL POST ON THE DEPARTMENT'S WEBSITE A SPENDING REPORT OF THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM AND TEMPORARY
ASSISTANCE FOR NEEDY FAMILIES BENEFIT. THE SPENDING REPORT SHALL INCLUDE ALL OF THE FOLLOWING:
   1. THE DOLLAR AMOUNT AND NUMBER OF TRANSACTIONS OF SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM BENEFITS THAT ARE ACCESSED OR SPENT OUTSIDE OF THIS STATE, DISAGGREGATED BY STATE.
   2. THE DOLLAR AMOUNT AND NUMBER OF TRANSACTIONS OF TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BENEFITS THAT ARE ACCESSED OR SPENT OUTSIDE OF THIS STATE, DISAGGREGATED BY STATE.
   3. THE DOLLAR AMOUNT AND NUMBER OF TRANSACTIONS OF TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BENEFITS THAT ARE ACCESSED OR SPENT IN THIS STATE, DISAGGREGATED BY RETAILER, INSTITUTION OR LOCATION.
   B. THE SPENDING REPORT SHALL BE DE-IDENTIFIED TO PREVENT IDENTIFICATION OF INDIVIDUAL RECIPIENTS.
   C. THE DEPARTMENT SHALL PURGE THE SPENDING REPORT SIX MONTHS AFTER THE REPORT IS ISSUED.

Sec. 8. Section 46-299, Arizona Revised Statutes, is amended to read:

46-299. Jobs program; definition
   A. As a condition of eligibility or continuing eligibility for cash assistance, all recipients shall engage in work activities that are established in this article and determined appropriate by the department. An individual with a disability shall engage in work activities as required by this subsection unless the individual with a disability provides the department verification of a condition that meets disability or temporary disability criteria established by the department. The following individuals are temporarily deferred from the requirement to engage in work activities:
   1. A parent in a single parent family or a nonparent relative personally caring for a child who is under the age of twelve months OF AGE for a period of not more than twelve months in the recipient's lifetime. This deferral does not apply to teenaged custodial parents who do not have a high school diploma or its equivalent.
   2. An unmarried custodial parent who is under eighteen years of age and who is personally caring for a child who is under the age of twelve weeks OF AGE.
   3. An individual who provides verification acceptable to the department that the individual is personally caring for the individual's dependent who is a person with a disability and WHO IS unable to care for himself.
   4. Victims of domestic violence whose participation in work activities causes an immediate threat to their own safety or the safety of their children.
   5. Dependent children as defined in this article.
   B. To the extent that the state meets the federally required work participation rates, unmarried custodial parents may attend
a postsecondary educational program \textit{EDUCATION DIRECTLY RELATED TO EMPLOYMENT} full time in lieu of standard work participation requirements. The department may require additional work activities. \textit{FOR THE PURPOSES OF THIS SUBSECTION, "EDUCATION DIRECTLY RELATED TO EMPLOYMENT" INCLUDES A GENERAL EDUCATION DEVELOPMENT PROGRAM, A CAREER AND TECHNICAL EDUCATION PROGRAM, AN ASSOCIATE DEGREE PROGRAM OR A POSTSECONDARY EDUCATION PROGRAM.}

C. Teenaged heads of household who are under twenty years of age and who have not attained their high school diploma or its equivalent are required to either:

1. Maintain satisfactory attendance at a secondary school or the equivalent.
2. Satisfactorily participate in education directly related to employment at the level of participation established by the department.

D. The department may establish the minimum work participation level required to meet the work requirements established in Public Law 104-193, section 407 (1996).

E. All cash assistance recipients, excluding dependent children, shall complete a personal responsibility declaration.

F. All cash assistance recipients, excluding dependent children complying with compulsory school requirements as prescribed in section 15-803, shall also participate in the development of an employment plan and shall receive services in support of and as specified in that plan.

G. Participants who fail or refuse to engage in work activities as required by the department are subject to the progressive graduated sanctions prescribed in section 46-300.
H. The department shall adopt rules that establish good cause reasons that excuse the participant from engaging in work activities.

I. \textit{THE DEPARTMENT SHALL PROVIDE THE JOBS PROGRAM TO ELIGIBLE FAMILIES TRANSITIONING OFF OF CASH ASSISTANCE DUE TO THE TIME LIMIT IF NEEDED TO OBTAIN EMPLOYMENT, TO MAINTAIN EMPLOYMENT OR TO RECEIVE A HIGHER LEVEL OF EMPLOYMENT. THE JOBS PROGRAM SHALL BE PROVIDED FOR UP TO TWELVE MONTHS AFTER A CASH ASSISTANCE CASE CLOSURE.}

J. \textit{FOR A PARTICIPANT TO QUALIFY FOR JOBS PROGRAM SERVICES AFTER A CASH ASSISTANCE CASE CLOSURE, ALL OF THE FOLLOWING MUST APPLY:}

1. THE CASH ASSISTANCE CASE WAS CLOSED DUE TO THE TIME LIMIT.
2. THE PARTICIPANT WAS ENROLLED IN THE JOBS PROGRAM AT THE TIME OF CASE CLOSURE.
3. THE CASE WAS NOT IN A JOBS SANCTION AT THE TIME OF CLOSURE.
4. THE DEPARTMENT HAS SUFFICIENT MONIES TO PAY FOR ACTIVITIES OR SERVICES.

K. This state shall provide workers' compensation coverage for cash assistance recipients \textit{WHO ARE} engaged in unpaid work experience or community service programs as established in this article. The cost shall be paid from the temporary assistance for needy families monies.
The department may operate on a statewide basis a wage subsidy program. Employers may hire recipients of cash assistance and food stamps for subsidized job slots that are full time and that offer a reasonable possibility of unsubsidized employment after the subsidy period. This program shall provide that:

1. Employers who operate an approved wage subsidy program shall receive a subsidy for up to six months. The department may grant an extension of three months to employers operating in areas identified as having a higher unemployment rate than the state average, as defined by the department, if the extension increases the likelihood of ongoing unsubsidized employment for the subsidized employee.

2. The department shall ensure that subsidized jobs made available to subsidized employees:
   (a) Do not require work in excess of forty hours per week.
   (b) Pay a wage that is substantially like the wage paid for similar jobs with the employer with appropriate adjustments for experience and training but not less than the federal minimum hourly wage.
   (c) Do not impair an existing contract or collective bargaining agreement.
   (d) Do not displace currently employed workers or fill positions that are vacant due to a layoff.

3. Wage subsidy employers shall:
   (a) Maintain health, safety and working conditions at or above levels generally acceptable in the industry and not less than those of comparable jobs offered by the employer.
   (b) Provide on-the-job training necessary for subsidized employees to perform their duties.
   (c) Sign an agreement for each placement outlining the specific job offered to a subsidized employee and agree to abide by all of the requirements of the program. All agreements shall contain a provision that sets forth the employer's responsibility to repay subsidies paid under this article if the employer violates program requirements.
   (d) Provide workers' compensation coverage for each subsidized employee they employ.
   (e) Provide the subsidized employee with benefits equal to those for new employees or as required by state and federal law, whichever is greater. For THE purposes of this subdivision, "benefits" includes health care coverage, paid sick leave and holiday and vacation pay.

4. Eligible subsidized employees are those who:
   (a) Do not have sufficient work experience to obtain unsubsidized employment.
   (b) Have completed an employment preparation program.
   (c) Are deemed able to benefit from this employment strategy by the department.

5. The department shall:
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(a) Disregard income earned by the subsidized employee in the subsidized job when determining the household's eligibility for cash assistance and food stamps THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM.

(b) Suspend regular payments of cash assistance and food stamps SUPPLEMENTAL NUTRITION ASSISTANCE to the household at the end of the calendar month in which an employer makes the first subsidized wage payment to a subsidized employee who is otherwise eligible to receive the cash assistance and food stamps SUPPLEMENTAL NUTRITION ASSISTANCE.

(c) Reimburse employers each month, from cash assistance and food stamps THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM, the lesser of a fixed subsidy amount determined by the department or the gross wages paid to the subsidized employee.

(d) Determine eligibility for supplemental payments as follows:
   (i) If the net monthly full-time wage paid to a subsidized employee is less than the combined monthly total of the cash assistance and food stamps SUPPLEMENTAL NUTRITION ASSISTANCE the participant is eligible to receive, the department shall authorize issuance of a supplemental cash payment to compensate for the deficit. To determine if a deficit exists, the department shall adopt, through rules, an equivalency scale that is adjustable to household size and other factors. For THE purposes of this item, "net monthly full-time wage" refers to MEANS a participant's wages after required payroll deductions.
   (ii) The department shall monthly determine and pay in advance supplemental payments to eligible subsidized employees. In calculating the payment, the department shall assume that the participant will work forty hours per week during the month unless an employer provides information that the number of hours to be worked by a subsidized employee will be reduced.

K. M. For THE purposes of this section, "subsidized employee" means an individual WHO IS engaged in this subsidized employment activity.

Sec. 9. Section 46-300, Arizona Revised Statutes, is amended to read:

46-300. Sanctions
A. The department shall impose a series of graduated sanctions as described in subsection 6–D of this section for any noncompliance with:
   1. The child support enforcement efforts required by section 46-292, subsection D unless good cause is established as provided in section 46-292, subsections H and department rules. A recipient who does not comply with the work activities requirements shall demonstrate compliance with the work activities requirements in order to continue benefit eligibility and to avoid sanctions.
3. The school enrollment and attendance requirements of section 46-292, subsection S.
4. The immunization requirements of section 46-292, subsection T.

B. IN ADDITION TO SUBSECTION A OF THIS SECTION, THE DEPARTMENT SHALL IMPOSE A SERIES OF GRADUATED SANCTIONS AS DESCRIBED IN SUBSECTION D OF THIS SECTION IF EITHER OF THE FOLLOWING OCCURS:
1. THE RECIPIENT VOLUNTARILY TERMINATES PAID EMPLOYMENT WITHOUT GOOD CAUSE AS SPECIFIED IN RULES ADOPTED BY THE DIRECTOR.
2. AN ADULT RECIPIENT USES, SELLS OR POSSESSES A CONTROLLED SUBSTANCE IN VIOLATION OF TITLE 13 AS SPECIFIED IN RULES ADOPTED BY THE DIRECTOR.

C. Noncompliance with one or more of the requirements listed in subsection A of this section during any calendar month is deemed to be a month of noncompliance and shall result in the sanctions prescribed in subsection D of this section. The department shall impose these graduated sanctions even if the instances of noncompliance do not occur in consecutive months.

D. The department shall impose the following sanctions:
1. For the first instance of noncompliance, the department shall reduce the household's cash assistance grant by twenty-five per cent FIFTY PERCENT for one month.
2. For a second instance of noncompliance that occurs in a month other than the month in which the first noncompliance occurred, the department shall reduce the household's cash assistance grant by fifty per cent for one month.
3. For a third SECOND instance of noncompliance that occurs in a month other than the month in which the second FIRST noncompliance occurred and any instance of noncompliance thereafter, the department shall terminate the household's cash assistance grant for at least one month or until the household complies.

Sec. 10. Title 46, chapter 2, article 5, Arizona Revised Statutes, is amended by adding section 46-300.07, to read:

46-300.07. Employment service contractors; success rate; semiannual report