



Bill Number: S.B. 1431

Worsley Floor Amendment

Reference to: printed bill

Amendment drafted by: Leg Council

## FLOOR AMENDMENT EXPLANATION

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***Programmatic Changes Relating to:  
Enrollment Cap, Testing Requirements, Low-income Students, Funding, Eligibility  
Modifications and Applications***

1. Extends the temporary cap through 2022 and beginning in FY 2023, caps Empowerment Scholarship Account (ESA) enrollment at the 2021-2022 school year level.
2. Requires private schools that enroll at least 50 ESA students and that administer certain examinations to annually make the aggregated test scores of all students available to the public.
3. Provides 100 percent, rather than 90 percent, of funding to students who are or have been a ward of the juvenile court or are a dependent of a family whose income does not exceed 250 percent of the federal poverty level.
4. Directs the Department of Revenue (DOR) and Department of Education (ADE) to develop a process to determine if a student is low-income and allows DOR to accept 1 percent of ESA monies for administration.
5. Bases the additional assistance portion of ESA funding on whether the student previously attended a charter school or a school district.
6. Allows ADE to request confirmation of a student's public school attendance in the prior fiscal year and directs the local education agency to comply with ADE's request within 10 days.

Amendment explanation prepared by Catcher Baden

7. Deems a child eligible to enroll in kindergarten if the child is at least four but under six years of age.
8. Removes contributions to Coverdell Education Savings Accounts as a qualifying expense.
9. Allows students with a disability or students who receive educational therapies or services to continue on the ESA Program beyond 18 years of age until the qualifies student reaches 22 years of age or obtains a general equivalence diploma if the student does not attend a private school and uses at least 50 percent of available monies annually on educational therapies or services.
10. Beginning October 2017, allows applicants to identify a third-party to assist in the application process or in interacting with ADE on the applicant's behalf.
11. Requires, rather than allows, the Treasurer to contract with a private financial management firm to manage ESA accounts.
12. Beginning January 2018, directs ADE to deposit ESA monies monthly.
13. Beginning January 2018, requires ADE to issue award letters within 30 days, rather than 45 days, after receipt of a completed application.
14. Requires ADE to request additional documentation and information regarding eligible expenses and to give a parent an opportunity to respond before denying an expenditure.

***Provisions from S.B. 1281 (empowerment scholarship accounts; revisions)***

***Relating to:***

***Program Administration and Eligibility Modifications***

15. Allows an ESA student at a private school to continue on the ESA Program beyond 18 years of age until the student reaches 22 years of age, graduates from high school or obtains a general equivalency diploma.

- 16. Prohibits ESA students from accepting an STO scholarship during the same time the student is actively enrolled in an ESA, rather than in the same year a parent signs the agreement.**
- 17. Allows ADE to request documentation to confirm a student's public school attendance in the prior year.**
- 18. Modifies ESA applications and the timing of the allocation of ESA monies.**
- 19. Allows parents to appeal certain administrative decisions made by ADE.**
- 20. Requires ADE to establish and maintain a policy handbook.**
- 21. Requires ADE to post certain ESA data on its website each month.**

WORSLEY FLOOR AMENDMENT  
SENATE AMENDMENTS TO S.B. 1431  
(Reference to printed bill)

1 Page 1, strike lines 6 through 13

2 Renumber to conform

3 Line 16, strike the comma

4 Between lines 21 and 22, insert:

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

11 Renumber to conform

12 Line 38, strike the second "or" insert "."

13 (v) A CHILD"

14 Renumber to conform

15 Line 40, after "school" insert "OR SCHOOL DISTRICT"

16 Page 2, line 12, strike the second "the" insert "AN"

17 Line 13, strike "program" insert "ACCOUNT"

18 Line 32, strike "(vi)" insert "(vii)"

19 Page 3, line 3, after the period insert "THE DEPARTMENT MAY REQUEST A LOCAL  
20 EDUCATION AGENCY TO PROVIDE DOCUMENTATION OR CONFIRMATION OF THE STUDENT  
21 ATTENDANCE REQUIRED BY THIS ITEM, AND THE SCHOOL SHALL COMPLY WITH THE  
22 DEPARTMENT'S REQUEST WITHIN TEN DAYS."

23 Line 4, strike "the" insert "AN"

24 Line 5, strike "program"

1 Page 3, line 23, after the period insert "FOR THE PURPOSES OF THIS ITEM, A CHILD  
2 IS ELIGIBLE TO ENROLL IN A KINDERGARTEN PROGRAM IF THE CHILD IS AT LEAST  
3 FOUR BUT UNDER SEVEN YEARS OF AGE."

4 Line 39, after "science" insert a period strike remainder of line  
5 Strike lines 40 and 41

6 Page 4, line 5, strike "in" insert "DURING"; after "same" strike remainder of  
7 line

8 Strike line 6, insert "TIME THE QUALIFIED STUDENT IS ACTIVELY ENROLLED IN AN  
9 EMPOWERMENT SCHOLARSHIP ACCOUNT. THE DEPARTMENT MAY REQUEST THE QUALIFIED  
10 SCHOOL TO PROVIDE CONFIRMATION THAT THE QUALIFIED STUDENT IS IN COMPLIANCE  
11 WITH THIS PARAGRAPH."

12 Line 32, after "admission" insert "OR ANY EXAMINATION PURSUANT TO PARAGRAPH 7  
13 OF THIS SUBSECTION"

14 Strike lines 33 through 37

15 Reletter to conform

16 Page 5, strike lines 1 through 33

17 Line 43, after "WHO" insert "PAYS TUITION AS A FULL-TIME STUDENT AT A  
18 QUALIFIED SCHOOL AND WHO"

19 Line 45, after the second "EXAMINATION" insert "THAT ASSESSES READING AND  
20 MATHEMATICS, THE STATEWIDE ASSESSMENT PURSUANT TO SECTION 15-741"

21 Page 6, line 1, after the period insert "A QUALIFIED STUDENT MAY MEET THE  
22 REQUIREMENTS OF THIS PARAGRAPH BY TAKING AN EXAMINATION THAT IS CHOSEN AND  
23 ADMINISTERED BY A QUALIFIED SCHOOL, OR A PARENT MAY CHOOSE A SEPARATE  
24 EXAMINATION PURSUANT TO THIS PARAGRAPH THAT IS ADMINISTERED OUTSIDE OF THE  
25 QUALIFIED SCHOOL."

26 Line 7, after "WHO" insert "IS"

27 Line 13, after "department" insert "OF EDUCATION"

28 Line 14, after "district" insert "OR CHARTER SCHOOL"

29 Line 16, after "department" insert "OF EDUCATION"

30 Line 21, strike "if that student were attending a charter school" insert  
31 "BASED ON WHETHER THE STUDENT WAS PREVIOUSLY ATTENDING EITHER A CHARTER

1 SCHOOL OR A SCHOOL DISTRICT. NOTWITHSTANDING ANY OTHER LAW, THE FUNDING  
2 LEVEL FOR A STUDENT WHO IS A RECIPIENT OF AN EMPOWERMENT SCHOLARSHIP  
3 ACCOUNT ON OR BEFORE JUNE 30, 2017 MAY NOT BE REDUCED"; after "department"  
4 insert "OF EDUCATION"

5 Page 6, line 26, strike "in" insert "BY"; strike "D" insert "E"; after  
6 "department" insert "OF EDUCATION"

7 Line 29, strike "state"

8 Line 30, strike "in" insert "BY"

9 Line 31, strike "E" insert "F"; after "section" insert "AND OUT OF WHICH THE  
10 DEPARTMENT OF EDUCATION SHALL TRANSFER AN ADDITIONAL ONE PERCENT OF THE SUM  
11 OF THE BASE SUPPORT LEVEL AND ADDITIONAL ASSISTANCE PRESCRIBED IN SECTIONS  
12 15-185 AND 15-943 FOR EACH STUDENT WITH AN EMPOWERMENT SCHOLARSHIP ACCOUNT  
13 TO THE DEPARTMENT OF REVENUE FOR DEPOSIT IN THE DEPARTMENT OF REVENUE  
14 EMPOWERMENT SCHOLARSHIP ACCOUNT FUND ESTABLISHED BY SUBSECTION G OF THIS  
15 SECTION"

16 Between lines 31 and 32, insert:

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

31 Reletter to conform

1 Page 7, between lines 10 and 11, insert:

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

14 Reletter to conform

15 Line 12, after the period strike remainder of line

16 Line 13, strike "the student's multidisciplinary evaluation team plan,"

17 Line 14, strike "shall remain" insert "REMAINS"

18 Line 15, strike "finishes" insert "GRADUATES FROM"; after "school" insert ",  
19 OBTAINS A GENERAL EQUIVALENCY DIPLOMA OR REACHES TWENTY-TWO YEARS OF AGE IF  
20 THE STUDENT CONTINUES TO BE ENROLLED IN A QUALIFIED SCHOOL. THE DEPARTMENT  
21 MAY REQUEST CONFIRMATION OF A QUALIFIED STUDENT'S PROGRESS TOWARD  
22 GRADUATION FROM HIGH SCHOOL OR THE COMPLETION OF A GENERAL EQUIVALENCY  
23 DIPLOMA. A QUALIFIED STUDENT WHO IS AT LEAST EIGHTEEN YEARS OF AGE AND WHO  
24 HAS BEEN DEEMED ELIGIBLE TO RECEIVE EDUCATIONAL THERAPIES OR SERVICES  
25 PURSUANT TO SECTION 15-2403, SUBSECTION I OR HAS BEEN IDENTIFIED AS A  
26 STUDENT WITH A DISABILITY PURSUANT TO SECTION 15-2401, PARAGRAPH 7,  
27 SUBDIVISION (a), ITEM (i), (ii) OR (iii) REMAINS ELIGIBLE TO APPLY FOR  
28 RENEWAL UNTIL THE QUALIFIED STUDENT REACHES TWENTY-TWO YEARS OF AGE OR  
29 OBTAINS A GENERAL EQUIVALENCY DIPLOMA WITHOUT BEING ENROLLED IN A QUALIFIED  
30 SCHOOL IF THE QUALIFIED STUDENT CONTINUES TO USE AT LEAST FIFTY PERCENT OF  
31 AVAILABLE EMPOWERMENT SCHOLARSHIP ACCOUNT MONIES ANNUALLY FOR ELIGIBLE

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

4 Page 7, after line 29, insert:

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

28 N. THE DEPARTMENT SHALL ALLOW AN APPLICANT FOR AN EMPOWERMENT  
29 SCHOLARSHIP ACCOUNT TO IDENTIFY ALL POTENTIALLY APPLICABLE ENROLLMENT  
30 ELIGIBILITY CRITERIA DURING THE APPLICATION PROCESS AND MAY NOT RESTRICT  
31 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 PLACEMENT  
11 EXAMINATION THAT ASSESSES READING AND MATHEMATICS, THE STATEWIDE ASSESSMENT  
12 PURSUANT TO SECTION 15-741 OR ANY EXAMINATION RELATED TO COLLEGE OR  
13 UNIVERSITY ADMISSIONS THAT ASSESSES READING AND MATHEMATICS SHALL ANNUALLY  
14 MAKE AVAILABLE TO THE PUBLIC ON REQUEST OR ON THE QUALIFIED SCHOOL'S  
15 WEBSITE THE AGGREGATE TEST SCORES OF ALL STUDENTS. A NETWORK OF QUALIFIED  
16 SCHOOLS MAY SATISFY THIS REQUIREMENT BY PUBLISHING THE AGGREGATE TEST  
17 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 THE  
21 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 15-2402,

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

5 C. The department may remove any parent or qualified student from  
6 eligibility for an Arizona empowerment scholarship account if the parent or  
7 qualified student fails to comply with the terms of the contract or  
8 applicable laws, rules or orders or knowingly misuses monies or knowingly  
9 fails to comply with the terms of the contract with intent to defraud and  
10 shall notify the treasurer. The department shall notify the treasurer to  
11 suspend the account of a parent or qualified student and shall notify the  
12 parent or qualified student in writing that the account has been suspended  
13 and that no further transactions will be allowed or disbursements made.  
14 The notification shall specify the reason for the suspension and state that  
15 the parent or qualified student has ten days, not including weekends, to  
16 respond and take corrective action. If the parent or qualified student  
17 refuses or fails to contact the department, furnish any information or make  
18 any report that may be required for reinstatement within the ten-day  
19 period, the department may remove the parent or qualified student pursuant  
20 to this subsection.

21 D. A parent may appeal, ~~the department's decision~~ pursuant to title  
22 41, chapter 6, article 10, AN ADMINISTRATIVE DECISION MADE BY THE  
23 DEPARTMENT PURSUANT TO THIS ARTICLE REGARDING DETERMINATIONS OF ALLOWABLE  
24 EXPENSES, REMOVAL FROM THE PROGRAM OR ENROLLMENT ELIGIBILITY. THE  
25 DEPARTMENT SHALL NOTIFY THE PARENT OF THE PARENT'S ABILITY TO APPEAL AN  
26 ADMINISTRATIVE DECISION AT THE SAME TIME THE PARENT IS NOTIFIED OF AN  
27 ADMINISTRATIVE DECISION.

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

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

12 G. The department shall accept applications between July 1 and June  
13 30 of each year. The department shall enroll and issue an award letter ~~to~~  
14 ~~eligible applicants~~ within forty-five days AND, BEGINNING JANUARY 1, 2018,  
15 WITHIN THIRTY DAYS after receipt of a completed application and all  
16 required documentation. IF THE DEPARTMENT DETERMINES THAT AN APPLICANT IS  
17 INELIGIBLE FOR AN EMPOWERMENT SCHOLARSHIP ACCOUNT BECAUSE THE APPLICANT  
18 DOES NOT MEET THE REQUIREMENTS PRESCRIBED FOR AN QUALIFIED STUDENT, THE  
19 DEPARTMENT SHALL NOTIFY THE APPLICANT OF THE SPECIFIC STATUTORY  
20 DEFICIENCIES OF THE APPLICATION AND THE RATIONALE FOR THE DENIAL OF THE  
21 APPLICATION. On or before May 30 of each year, the department shall  
22 furnish to the joint legislative budget committee an estimate of the amount  
23 required to fund empowerment scholarship accounts for the following fiscal  
24 year. The department shall include in its budget request for the following  
25 fiscal year the amount estimated in section 15-2402, subsection C for each  
26 qualified student.

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

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

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

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

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

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

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

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

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

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

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

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

10           1. INFORMATION REGARDING ALL PURCHASES AND EXPENDITURES MADE WITH  
11 EMPOWERMENT SCHOLARSHIP ACCOUNT MONIES. THE INFORMATION INCLUDED PURSUANT  
12 TO THIS PARAGRAPH MAY NOT VIOLATE THE PERSONAL PRIVACY OF ANY STUDENT OR  
13 FAMILY AND SHALL INCLUDE ONLY AGGREGATE DATA.

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

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

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

19           42-2003. Authorized disclosure of confidential information

20           A. Confidential information relating to:

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

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

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

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

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

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

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

15           B. Confidential information may be disclosed to:

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

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

23           3. The department of liquor licenses and control for its use in  
24 determining whether a spirituous liquor licensee has paid all transaction  
25 privilege taxes and affiliated excise taxes incurred as a result of the  
26 sale of spirituous liquor, as defined in section 4-101, at the licensed  
27 establishment and imposed on the licensed establishments by this state and  
28 its political subdivisions.

29           4. Other state tax officials whose official duties require the  
30 disclosure for proper tax administration purposes if the information is  
31 sought in connection with an investigation or any other proceeding

1 conducted by the official. Any disclosure is limited to information of a  
2 taxpayer who is being investigated or who is a party to a proceeding  
3 conducted by the official.

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

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

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

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

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

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

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

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

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

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

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

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

7 (a) Regarding income tax or withholding tax.

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

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

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

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

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

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

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

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

27 (d) Certifying computer data centers for tax relief under section  
28 41-1519.

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

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



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

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

5           17. THE DEPARTMENT OF EDUCATION FOR THE PURPOSE OF VERIFYING INCOME  
6 ELIGIBILITY TO BE CLASSIFIED AS A LOW-INCOME STUDENT PURSUANT TO SECTION  
7 15-2402, SUBSECTION M.

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

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

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

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

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

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

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

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

28           E. The department, on the request of any person, shall provide the  
29 names and addresses of bingo licensees as defined in section 5-401, verify  
30 whether or not a person has a privilege license and number, a tobacco  
31 product distributor's license and number or a withholding license and

1 number or disclose the information to be posted on the department's website  
2 or otherwise publicly accessible pursuant to section 42-1124, subsection F  
3 and section 42-3401.

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

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

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

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

26 2. May not be disclosed to the public in any manner that does not  
27 comply with confidentiality standards established by the department. The  
28 county, city or town shall agree in writing with the department that any  
29 release of confidential information that violates the confidentiality  
30 standards adopted by the department will result in the immediate suspension

1 of any rights of the county, city or town to receive taxpayer information  
2 under this subsection.

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

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

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

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

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

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

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

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

1 and that the party seeking the information has made demand on the taxpayer  
2 for the information.

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

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

10 Q. Except as provided in section 42-2002, subsection D, the  
11 department of revenue shall release confidential information as requested  
12 by the department of economic security pursuant to section 42-1122 or  
13 46-291. Information disclosed under this subsection is limited to the same  
14 type of information that the United States internal revenue service is  
15 authorized to disclose under section 6103(1)(6) of the internal revenue  
16 code.

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

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

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

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

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

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

4           U. For proceedings before the department, the office of  
5 administrative hearings, the board of tax appeals or any state or federal  
6 court involving penalties that were assessed against a return preparer, an  
7 electronic return preparer or a payroll service company pursuant to section  
8 42-1103.02, 42-1125.01 or 43-419, confidential information may be disclosed  
9 only before the judge or administrative law judge adjudicating the  
10 proceeding, the parties to the proceeding and the parties' representatives  
11 in the proceeding prior to its introduction into evidence in the  
12 proceeding. The confidential information may be introduced as evidence in  
13 the proceeding only if the taxpayer's name, the names of any dependents  
14 listed on the return, all social security numbers, the taxpayer's address,  
15 the taxpayer's signature and any attachments containing any of the  
16 foregoing information are redacted and if either:

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

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

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

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

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

30           2. A court, arbitrator, data clearinghouse or similar entity for the  
31 purpose of assessing compliance with or making calculations required by the

1 master settlement agreement or agreements regarding disputes under the  
2 master settlement agreement, and with counsel for the parties or expert  
3 witnesses in any such proceeding, if the information otherwise remains  
4 confidential.

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

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

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

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

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

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

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

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

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

4           A. During 2014, 2015, 2016, 2017, 2018, ~~and~~ 2019, 2020, 2021 AND  
5           2022, the number of new empowerment scholarship accounts approved by the  
6           department of education each year shall not exceed 0.5 ~~percent~~ PERCENT of  
7           the total number of pupils enrolled in school districts and charter schools  
8           in this state during the previous school year.

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

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

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

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

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

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

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

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

- 1           D. The council shall:
- 2           1. Review and make recommendations to the department of education
- 3 regarding the administration of empowerment scholarship accounts.
- 4           2. Make recommendations to the legislature for changes to the laws
- 5 regarding empowerment scholarship accounts.
- 6           3. Review any changes to the empowerment scholarship accounts policy
- 7 handbook pursuant to section 15-2403, Arizona Revised Statutes, as amended
- 8 by this act.
- 9           4. Submit a report regarding the council's activities and
- 10 recommendations on or before December 15 of each year to the governor, the
- 11 president of the senate and the speaker of the house of representatives and
- 12 provide a copy of this report to the secretary of state.
- 13           E. The department of education shall provide technical assistance to
- 14 the empowerment scholarship account review council.
- 15           F. This section is repealed from and after December 31, 2020."
- 16 Amend title to conform

BOB WORSLEY

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