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**ARIZONA CORPORATION COMMISSION**

JODI JERICH  
Executive Director

August 27, 2015

The Honorable Doug Ducey  
Governor of the State of Arizona  
1700 West Washington Street  
Phoenix, AZ 85007

Dear Governor Ducey,

We are pleased to submit our FY 2017 Budget Request for the Arizona Corporation Commission. FY 2017 finds us firmly committed to continuing our efforts to fulfill the duties entrusted to us in the Arizona Constitution.

The Commission's FY2017 budget proposal continues our FY2016 budget and adds an additional \$2.377 million for mission critical projects specified below.

1. Upgrade STARPAS to allow electronic filing of business entity documents - \$2,000,000.00 (OF).

The Commission is proposing to replace outdated software programs in our Corporations Division. The Corporations Division currently relies on two legacy databases to accomplish its work. Both systems have severely limited functionality compared with today's technology solutions that can provide for secure online transactions and mobile applications. Online filing has become the standard for many other states' corporate records filing, and makes it easier for Arizona businesses and filers to interact with the Commission. Electronic document and payment submission provides an essential convenience to the public, will assist in reducing the rejection rate for errors, and will ultimately decrease processing times, thereby making the Division processes more efficient. This will be a one-time (non-lapsing) cost of \$2,000,000, with an anticipated on-going maintenance cost of \$150,000 from the Public Access Fund.

2. Pay Parity for ACC Securities Investigators - \$250,000 (OF).

The Securities Division is requesting funding to achieve salary parity for its Securities Division Chief Investigator and staff investigator positions. Their work leads to Orders requiring wrongdoers to pay restitution to victims and penalties to the State of Arizona. Over the last five fiscal years, the Division has lost 14 investigators, including seven since January 2014, a total employee turnover rate of 147%. The difference between starting salary for the ACC positions and those at the Attorney General's office is \$21,000.00. The ACC's employees are not only AZPOST (AZ Police Officer Standards and Training Board) certified police officers, they are highly trained in white collar investigations. With the investment we make to train these individuals, they become highly desirable to other Arizona law enforcement agencies. The increase in salaries are expected to cost \$250,000.00 (Salary plus ERE) from the Securities Regulatory and Enforcement Fund.

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3. Modifications and upgrades to ACC Main Hearing Room - \$50,000 (GF/OF).

In FY2013, the Legislature appropriated funds to the Commission to construct its "Main Hearing Room". ADOA's price to do the work exceeded the appropriated amount. Therefore, we had to cut several elements from the remodel, including an upgraded HVAC system. Now, whenever there is a large audience in the Main Hearing Room, the HVAC system is unable to cool the room to an acceptable level, creating an unprofessional and uncomfortable environment for the Commissioners, staff, parties to the proceedings, and members of the public. Temperatures can rise well above OSHA recommended temperatures.

4. Recognize increase in Risk Management Premium - \$77,000 (GF/OF)

Unlike previous years, when the statewide adjustments have included full coverage of an agency's Risk Management premium, no such adjustment was made for FY2016. This resulted in a \$77,000 premium deficit to the Commission. As a result, we are making a request for it in the FY2017 budget.

We appreciate your support of our constitutional mission and that of our Divisions, and we look forward to working with you and your staff. Our Executive Director and the ACC staff are happy to assist you and your staff with any questions or information on our budget or operations. In addition, please feel free to call upon any of us to address questions or concerns you may have in regard to the attached.

Sincerely,



Susan Bitter Smith, Chairman



Bob Stump, Commissioner



Robert Burns, Commissioner



Doug Little, Commissioner



Tom Forese, Commissioner