

# SIXTH SPECIAL SESSION

Session Convened: *February 1, 2010*  
Adjourned Sine Die: *February 11, 2010*

General Effective Date: *May 13, 2010*



\* Strike-Everything Amendment  
[E] Emergency Clause  
[P 105] Proposition 105 Clause  
[P 108] Proposition 108 Clause  
[LIV] Line Item Veto

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**SB 1001 – Chapter 1 – statewide special election**

Authorizes a special election on May 18, 2010 to submit to a vote of the people a constitutional amendment providing for temporary taxes.

**SB 1003 – Chapter 4 – revenue bonds; lease-purchase finance**

Authorizes the issuance of State Revenue Lottery Bonds (SRL Bonds) and requires the state to enter into lease-purchase agreements through the sale and simultaneous lease-purchase of state buildings of not more than \$300 million.

***State Buildings Lease-purchase Agreements***

- Requires ADOA to enter into a lease purchase agreement for any state owned facilities and specifies that the agreement must be awarded by September 30, 2010 and must:
  - Result in net available proceeds of not more than \$300 million to the state GF;
  - Be for a fixed term of up to 20 years;
  - Require the initial payment due in FY 2010-11;
  - Be entered into with a bank trustee selected by the Director of ADOA and provide for the issuance of certificate of participation;
  - Allows ADOA to use any state owned facility as collateral and to transfer interest in any other state owned facility in the lease purchase finance agreements; and
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***SRL Bonds***

- Instructs the Director of ADOA to issue SRL Bonds in an amount sufficient to:
  - Deposit in the state GF, by December 31, 2010, an amount not more than \$450 million;
  - Pay bond related expenses;
  - Pay fees, charges and expenses incurred with respect to bond related expenses; and
  - Fund any reserves or sinking accounts for debt service on the SRL Bonds.
- States that the first \$450 million of proceeds received shall be deposited in the state GF.
- Establishes the SRL Bonds Proceeds Fund (BPF) administered by ADOA and consisting of the net proceeds received from the SRL Bonds above the first \$450 million.
- Stipulates that the Director of ADOA may only use monies in the BPF for bond related expenses and debt service.
- Establishes the SRL Bond Debt Service Fund (DSF) and directs ADOA to administer and account for the DSF.
- Authorizes the Director of ADOA to purchase SRL Bonds for cancellation out of any monies at a price of not more than either of the following:
  - If the SRL Bonds are redeemable at the time of purchase, the redemption price plus accrued interest to the next interest payment date; or
  - If the SRL Bonds are not redeemable at the time of purchase, the redemption price on the first date after the purchase on which the SRL Bonds became subject to redemption plus accrued interest to that date.
- States that the Director of ADOA may authorize the State Treasurer or bond trustee to invest monies in the DSF and BPF and outlines guidelines for investing SRL Bond monies.
- Exempts the SRL Bonds, the transfer of SRL Bonds and income from the SRL Bonds from state taxation.

- Stipulates that the SRL Bonds are fully negotiable according to the Uniform Commercial Code (Code), subject only to any provisions for registration, regardless if the SRL Bonds constitute negotiable instruments under the Code.
- States that until the SRL Bonds have been fully paid and satisfied or provisions have been made to pay or satisfy the SRL Bonds and related obligations, the provisions of SRL Bonds and related funds remain in full force and effect.
- Contains a conditional enactment clause, effective upon passage of SB 1004.

#### **SB 1004 – Chapter 2 – state lottery; authorization**

Reestablishes the ASLC, the SLF and the State Lottery's statutory provisions.

- Secures a first lien on monies within the SLF for the payment of bond or bond related obligations payable from the State Lottery Revenue Bond Debt Service Payment Fund (DSF), until the DSF contains sufficient monies to meet all obligations for the current period, as required by the bond documents.
- Specifies that debt service for revenue bonds be paid first from monies that would have otherwise been deposited into the state GF.
- Notwithstanding the statutory sunset review requirement for the ASLC.
- Terminates the ASLC on July 1, 2035 and repeals related statutes on January 1, 2036.
- Prescribes the initial terms of the members of the ASLC.
- Temporarily exempts the ASLC from procurement code requirements and rulemaking for six months after the Act's effective date.
- Contains a conditional enactment clause, effective upon passage of SB 1003.

#### **SB 1005 – Chapter 3 [P 108] – standard deduction; nonresidents; prorate**

Prorates the standard income tax deduction for nonresident taxpayers based on the ratio of Arizona gross income to federal adjusted gross income, retroactive to January 1, 2010.

#### **SCR 1001 – temporary sales tax; repeal**

Proposes a temporary amendment to the Arizona Constitution to provide a 1% increase of the state TPT and use tax imposed on the current taxable base subject to a rate of 5% or more.

- If approved, directs the tax to be levied and collected beginning on June 1, 2010, continue for 36 consecutive months, and be repealed on May 31, 2013.
- Specifies the tax is separate from, and in addition to, the current state TPT and use tax rates, and is subject to the same exemptions, deductions, and exclusions currently provided, and will not be distributed to counties, municipalities, or other government entities.
- Directs the tax revenues to be separately accounted for in the state GF as follows:
  - Two-thirds appropriated to public primary and secondary education; and
  - One-third appropriated to health and human services and public safety.
- Maintains any unpaid tax liability incurred while the tax was in effect is still an obligation of the taxpayer that is due and payable after the expiration of the tax.

Requires the SOS to submit the temporary constitutional tax increase to the voters at a special election called on May 18, 2010.