

# **Finance Committee**

Senator Debbie Lesko, Chairman



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# **FINANCE COMMITTEE**

## **LEGISLATION ENACTED**

ASRS; board delegation; benefit determinations (S.B. 1037) – Chapter 304

Allows the Arizona State Retirement System (ASRS) Board (Board) to delegate a committee of that Board to act on its behalf for the purposes of determining rights, benefits or obligations of any person dissatisfied with a Board determination and a determination of the Office of Administrative Hearings relating to an ASRS determination.

department of revenue; continuation (S.B. 1095) – Chapter 215

Retroactive to July 1, 2016, the Department of Revenue (DOR) is continued until July 1, 2020. Requires the committees of reference or a joint meeting of the Senate Finance Committee and the House of Representatives Ways and Means Committee, or their successor committees, to hold a public hearing by December 31, 2017, to review the Auditor General's follow-up reports.

schools; CPR instruction. (S.B. 1137) – Chapter 216

SEE THE EDUCATION COMMITTEE.

ASRS; continuation (S.B. 1151) – Chapter 305

Retroactive to July 1, 2016, the Arizona State Retirement System and Director are continued until July 1, 2024.

PSPRS; EORP; CORP; continuation (S.B. 1152) – Chapter 306

Continues the Public Safety Personnel Retirement System Board of Trustees until June 30, 2024. Contains a legislative intent statement.

small property tax balance delinquency (S.B. 1157) – Chapter 144

Extends the delinquency date for property tax amounts totaling \$100 or less, from November 1 to December 31 at 5:00 p.m.

CORP; reverse deferred retirement option (S.B. 1160) – Chapter 74 E

An emergency measure, effective March 30, 2016, that continues the reverse Deferred Retirement Option Program (DROP) beyond the currently existing repeal date of July 1, 2016.

charitable donations; tax credit amounts (S.B. 1216) – Chapter 109

Retroactive to taxable years beginning January 1, 2016, increases the amount of tax deductible credit for voluntary cash contributions made to a qualifying charitable organization

## **FINANCE COMMITTEE (Cont'd)**

from \$200 to \$400 for a single individual or a head of household and \$400 to \$800 for a married couple filing jointly and to a qualifying foster care charitable organization from \$400 to \$500 for a single individual or head of household and \$800 to \$1,000 for a married couple filing a joint return. Also, allows taxpayers to receive separate credits for contributions made to qualifying charitable organizations and foster care charitable organizations.

### charitable tax credit; contribution date (S.B. 1217) – Chapter 309

Allows credit claimable contributions to a qualifying charitable organization, made by April 15, to be applied to either the current or preceding taxable year, retroactive to taxable years beginning January 1, 2016.

### internal revenue code conformity (S.B. 1288) – Chapter 155

Updates the definition of *Internal Revenue Code* to include all federal provisions in effect as of January 1, 2016, including provisions that came into effect during 2015 with the specific adoption of federal retroactive effective dates.

### 2016 tax correction act (S.B. 1289) – Chapter 156

Corrects errors and obsolete language, addresses blending problems and provides clarifying and conforming changes to the tax statutes as follows: 1) makes technical and conforming changes regarding the sale, distribution, taxation and definition of tobacco; 2) allows the Director of the Department of Revenue (DOR) to appoint a designee to serve as chairman of the Economic Estimates Commission; 3) spells out the limitations on a vendor's liability for tax if the vendor accepts a transaction privilege tax (TPT) exemption certificate in good faith; 4) removes obsolete language relating to the payment of TPT through electronic means; 5) conforms statute regarding TPT to comply with Laws 2015, Chapter 4; 6) conforms the use tax statutes to the TPT statutes in regards to the exemption of the purchase of cash equivalents and precious metal bullion and monetized bullion; 7) conforms statute regarding payment for use tax to comply with Laws 2014, Chapter 139; 8) clarifies that DOR does not administer other taxes or fees imposed directly by a city and the Model City Tax Code; 9) allows the Director of DOR to appoint a designee to serve as chairman of the Property Tax Oversight Commission; and 10) makes technical changes regarding additions to individual and corporate income tax by removing obsolete language.

### TPT exemption; billboard rentals (S.B. 1310) – Chapter 223

SEE THE COMMERCE AND WORKFORCE DEVELOPMENT COMMITTEE.

### county treasurer; warrants; electronic transfers (S.B. 1348) – Chapter 340

Permits a county treasurer to pay an electronic funds transfer if presented for payment by the board of supervisors, county superintendent of schools or a special district. Clarifies that a county treasurer is to invest in a warrant, substitute check or electronic funds transfer if a revolving line of credit has been spent and if there are insufficient monies in the issuer's account.

## FINANCE COMMITTEE (Cont'd)

Specifies that if a county treasurer does not invest in a presented warrant, substitute check or electronic funds transfer, the treasurer must notify the servicing bank that payment will not be made due to lack of monies and from that time until there are sufficient monies, the original warrant will not bear more than 10 percent interest per year. Requires a county treasurer to post on the county's website if there are sufficient monies in the treasury to pay warrants that have been returned.

Removes the following requirements: 1) that a county treasurer, upon receipt of money not otherwise appropriated, set it apart as is necessary for payment of warrants; and 2) that a county treasurer record the amount of interest paid on a warrant in a register or call warrant list. Repeals statute regarding the application of funds when unpaid warrants are not presented.

Repeals statute relating to the distribution requirement of permanent State Trust Land Fund monies as follows: 1) August 7, 2016, if Proposition 123 is not approved by a vote of the people at the special election conducted on May 17, 2016; and ) July 1, 2025, if Proposition 123 is approved by a vote of the people at the special election conducted on May 17, 2016. Voters approved the proposition and on May 26, 2016, the election results were certified. Requires the State Treasurer to distribute permanent State Trust Land Fund monies on the last business day, instead of the 15th business day of each month, in FYs 2017 and 2018 as added by H.B. 2703 (Laws 2016, Chapter 121).

~~technical corrections; taxation~~ (NOW: online lodging; administration; definitions) (S.B. 1350) – Chapter 208

Beginning January 1, 2017, establishes the administration for vacation rentals and short-term rentals (rentals) as follows:

**Administration** – Permits any online lodging marketplace to register with the Department of Revenue (DOR) for a license for the payment of taxes levied by the state and one or more municipality at the election of the online lodging marketplace, for taxes due from an online lodging operator on any online lodging transaction facilitated by the online lodging marketplace. Prohibits DOR from disclosing information provided by an online lodging marketplace without the written consent of the online lodging marketplace.

**Limitations** – Stipulates that a city, town or county cannot prohibit or restrict rentals or rentals based on their classification, use or occupancy. Stipulates that an owner of a residential rental property is not exempt from maintaining information required under the residential rental property statutes with the county assessor.

**Online Lodging Marketplace Classification** – Establishes the online lodging marketplace classification. Stipulates that the tax base for this classification is the gross proceeds of sales or gross income derived from the business measured by the total amount charged for an online transient lodging transaction by the online lodging operator with a tax rate of 5.5 percent. Specifies that the classification does not include any online lodging marketplace that has not entered into an agreement with DOR to register for, or has not otherwise obtained, a license to collect tax.

## **FINANCE COMMITTEE (Cont'd)**

***Taxation*** – Allows a municipality to levy TPT, use, franchise or other similar tax or fee as provided by the Model City Tax Code on a licensed online lodging marketplace subject to specified requirements. Entitles an online lodging operator to an exclusion from any applicable taxes for any online lodging transaction facilitated by an online lodging marketplace for which the operator has obtained written notice that the marketplace is registered with DOR to collect taxes for all transactions. Classifies real and personal property and improvements that are used for residential purposes, that are leased or rented to lodgers, as class four, except for: 1) property occupied by the owner of the property as the owner's primary residence and included in class three; and 2) property used for commercial purposes and included in class one.

***Return and Payment of Tax*** – Requires a registered online lodging marketplace to remit applicable taxes with respect to each online lodging transaction to DOR and to report its taxes monthly and remit the aggregate total amounts for each respective jurisdiction for each month. Stipulates that a registered online lodging marketplace does not need to list any online lodging separately on the monthly TPT returns.

***Property Managers*** – Requires a city or town that levies TPT for rentals, for taxable years beginning January 1, 2018, to allow licensed property managers to file electronic consolidated tax returns with DOR with respect to gross proceeds or gross income derived from properties on behalf of the property owner, subject to certain conditions and requirements.

***Hospitality Studies Scholarship Fund*** – Establishes the Hospitality Studies Scholarship Fund (Fund) consisting of revenue available from any lawful source to be administered by the Arizona Board of Regents (ABOR). Permits ABOR to partner with any statewide lodging and tourism association that provides matching monies in administering the Fund. Requires ABOR to use monies in the Fund to provide scholarships and other financial assistance to students entering or enrolling in a hospitality studies program at any university under the jurisdiction of ABOR. Requires a recipient who withdraws from school or from the program before receiving a degree to repay all monies awarded and requires ABOR to negotiate an appropriate repayment schedule plus eight percent simple interest if the recipient is dismissed from the university.

***Joint Legislative Study Committee on Transient Lodging (JLSCTL)*** – Establishes the JLSCTL for the purpose of considering current state and local government laws and regulations on the various types of accommodations used for the purpose of transient lodging.

### **PSPRS modifications (S.B. 1428) – Chapter 2**

Subject to a conditional enactment, S.B. 1428 repeals current statute referencing the Public Safety Personnel Retirement System (PSPRS) permanent benefit increase (PBI) and establishes a new cost of living adjustment (COLA). For Tier 1 employees, the new COLA is compounded annually, is not to exceed 2 percent and is conditional upon enactment of S.C.R. 1019. For Tier 2, the COLA also includes catch-up dollars for non-DROP participants. For Tier 3, the COLA is based on funded status of the plan and can only be received after the retiree's 7th retirement anniversary or when the retiree is 60 years old.

## FINANCE COMMITTEE (Cont'd)

Specifically for Tier 3 employees (hired after the effective date of this legislation): makes changes in the definition of the average monthly benefit compensation amount, the normal retirement date, implementation of a 50/50 split for the employer/employee contribution rate, and adjusts the graded multiplier depending on a member's years of service.

S.B. 1428 establishes a new defined contribution (DC) plan and defines eligible participants. Each participant and employer in the DC plan contributes 3 percent for an employee who participates in PSPRS's defined benefit (DB) plan, and 9 percent for an employee who does not participate in PSPRS's DB plan.

Makes certain changes to the PSPRS Board and Advisory Committee, and requires PSPRS to commence a study to determine various methods in which risk pooling may be structured and local board consolidation and structure may be accomplished.

Conditions the enactment of this legislation on the amending of the Constitution of Arizona as prescribed in S.C.R. 1019, Fifty-second Regular Session, by vote of the people at a special election conducted on May 17, 2016. Voters approved the proposition and on May 26, 2016, the election results were certified.

### public retirement systems; special election (S.B. 1429) – Chapter 3 E

An emergency measure, effective February 16, 2016, that adds to the education finance special election to be held on May 17, 2016, a ballot question relating to the Public Safety Personnel Retirement System, and requires the Legislative Council analysis and Joint Legislative Budget Committee fiscal impact statement to be submitted to the Secretary of State no later than February 23, 2016.

### ~~natural gas delivery; tax exemption~~ (NOW: tax exemption; natural gas delivery) (S.B. 1505) – Chapter 357

Exempts natural gas transportation services from transaction privilege tax (TPT) under the utilities classification and use tax, and requires municipalities to either tax or exempt natural gas transportation services.

### truth in taxation; levy increases (S.B. 1523) – Chapter 173

Requires a unanimous roll call vote of a community college district governing board or the governing body of a county, city or town to consider a motion for a proposed property tax levy if that levy, exclusive of increased property taxes raised from new construction, constitutes an increase over the preceding tax year's levy by 15 percent or more.

### credited service; military service purchase (H.B. 2019) – Chapter 90

Reduces the number of credited service years in the Public Safety Personnel Retirement System (PSPRS), the Corrections Officer Retirement Plan (CORP) or the Elected Officials' Retirement Plan (EORP), from 10 years to 5 years, which a member must have in order to

## **FINANCE COMMITTEE (Cont'd)**

purchase credited service for periods of active military service. Specifies the discount rate to be used by the actuary for calculating projected benefits.

### utilities TPT; sales of propane (H.B. 2025) – Chapter 359

Effective September 1, 2016, exempts the gross proceeds of sales or gross income derived from sales of liquefied petroleum gas to a business that is principally engaged in manufacturing or smelting operations and that uses at least 51 percent of the liquefied petroleum gas in the manufacturing or smelting operations from transaction privilege tax (TPT) under the utilities classification and use tax. Requires cities or towns that levy TPT, sales, gross receipts, use, franchise or other similar fee or tax to exempt or tax in whole the gross proceeds of sales or gross income from sales of liquefied petroleum gas to these businesses.

### debt limitations; net assessed value (H.B. 2054) – Chapter 177

Clarifies that the net assessed value of the full cash value of property is the basis for calculating the debt limitations for the following: 1) counties; 2) cities; 3) towns; 4) school districts; 5) unified school districts; and 6) Joint Technical Education Districts.

### ASRS; retention of credited service (H.B. 2104) – Chapter 320 E

An emergency measure, effective May 17, 2016, that requires an Arizona State Retirement System (ASRS) employee to retain credit for a period of employment that the employee was in an exempt position because the position was a non-social security position, if the employer has remitted ASRS contributions, consistent with the compliance statement of the Internal Revenue Service.

Retroactive to July 1, 2015, the bill also requires that ASRS not suspend the payment of retirement benefits if a retired member returns to state service in a position that constitutes service as a state elected official who is subject to term limits.

### district boundary modifications; parcel lines (H.B. 2125) – Chapter 179

Allows a property owner whose parcel is split by certain special taxing district (district) boundaries, as determined by the county assessor by November 1, 2007, to request that the county assessor modify the district boundaries so the entire parcel is contained within the district that governs the majority of the area of the parcel. For parcels in which two or more districts of the same type govern an identical percentage of the area of the parcel, with exceptions, an owner can designate the district that will govern the entire parcel.

Allows a county assessor to initiate certain consolidation procedures and specifies that an assessor must provide a property owner with at least 30 days' notice of the proposed consolidation before the consolidation is final and allows the owner to accept or reject that consolidation. If a property owner rejects a proposed consolidation, the parcel is prohibited from being consolidated into the district.

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### TPT; exemption, aerial applicators (H.B. 2133) – Chapter 181

Effective retroactive to April 18, 1985, exempts agricultural aircraft that are used for the commercial production of agricultural crops and products from retail transaction privilege tax (TPT) and use tax. Requires any claim for refund of TPT or use tax to be submitted to the Department of Revenue (DOR) on or before December 31, 2016, and stipulates that the burden is on the taxpayer to establish, by competent evidence, the amount of tax paid for all taxable periods and the amount attributable to new agricultural aircraft that qualifies for a deduction. Requires DOR to review all timely filed claims, determine the correct amount of each claim, and notify the taxpayer of its determination. Prohibits the aggregate amount of refunds from exceeding \$10,000. Interest may not be compounded on any refundable amount if paid before July 1, 2017, unless the amount cannot be determined or paid until after June 30, 2017.

### ASRS; rulemaking exemption (H.B. 2159) – Chapter 321

Specifies that the Arizona State Retirement System (ASRS) and the ASRS Board, retroactive to January 1, 1987, are not subject to administrative procedures for actuarial assumptions and calculations, investment strategy and decisions and accounting methodology, except uniform administrative hearing procedures.

### ASRS; eligible rollovers (H.B. 2160) – Chapter 96

Disallows the option of *indirect rollovers* for the purpose of purchasing credited service by Arizona State Retirement System (ASRS) members, but continues to allow a direct transfer from an individual retirement account or individual retirement annuity if the amount had been received by the member and would have otherwise been includible in the member's gross income but for the direct transfer.

### fire districts; merger; consolidation (H.B. 2197) – Chapter 183

Retroactive to July 1, 2016, allows merged or consolidated fire districts formed on or after July 1, 2014, to continue to receive monies in an amount not to exceed the sum of the average of the amount of Fire District Assistance Tax (FDAT) monies received by each of the districts in the five fiscal years immediately preceding the merger or consolidation. Requires the county treasurer to pay a consolidated district formed in any fiscal year beginning July 1, 2014, or later an amount equal to 20 percent of the property levy if the total amount of FDAT paid to all districts in the county is less than the amount of monies raised by the \$0.10 levy per \$100 of assessed valuation. Beginning in FY 2017, prohibits a consolidated district from receiving more than the maximum allowed, rather than the current FDAT cap of \$400,000.

### ~~technical correction; insurance; uniform plans~~ (NOW: premium tax credit; reciprocal insurers (H.B. 2239) – Chapter 360

Retroactive to taxable years beginning January 1, 2016, increases, indefinitely, the time period for allowable premium tax credit against the premium liability imposed for net increases in full-time employees residing and hired in qualified employment positions in this

## FINANCE COMMITTEE (Cont'd)

state. Considers a reciprocal insurer and its attorney-in-fact to be the same entity for the purpose of calculating the tax credit.

### universities; commercial paper (H.B. 2271) – Chapter 238

Empowers the Arizona Board of Regents (ABOR) to issue commercial paper to provide short-term financing for capital projects or obligations previously issued. Specifies that repayment may be made by a pledge of fees, tuitions and rentals, other sources that may be pledged without violating the debt limits in the Arizona Constitution, and from amounts budgeted by ABOR for that purpose. The bill states that the commercial paper is a current expense of ABOR and is not a general obligation of the state.

Requires that any commercial paper issued by ABOR be repaid within 270 days. Stipulates that at no time shall the outstanding principal amount of commercial paper be more than 25 percent of a university's total debt capacity.

Requires ABOR to submit an annual report on commercial paper issued to the Joint Legislative Budget Committee and the Office of Strategic Planning and Budgeting.

### bonding; sale; premiums; refunding; refinance (H.B. 2301) – Chapter 189

Modifies provisions regarding the issuance of bonds and refunding bonds in various political subdivisions as follows:

***General Obligation Bond Bankruptcy Provisions*** – Requires all bonds, whenever issued, to be secured by a lien on all revenues received pursuant to a tax levy and stipulates that the lien arises automatically without the need for any action or authorization by a county or board of supervisors and is valid and binding from the time of issuance of the bond.

***General Obligation Bond Premium Limitations*** – Eliminates the cap on net premiums associated with a bond issue. Allows the amount of net premium associated with a bond issue to be used for any purpose, if there is voter authorization and available capacity under its debt limitations and the amount of the net premiums used will reduce in an equal amount both: 1) the available aggregate indebtedness capacity; and 2) the principal amount authorized by the voters.

***Issuance of Refunding Bonds*** – Specifies that for bonds issued to refund or refinance bonds that are issued beginning September 1, 2016, in advance of the maturity dates of such bonds, the holder of the refunded bonds must rely on the sufficiency of the funds or securities held in trust for the payment of refunded bonds. Prohibits the total aggregate of taxes levied to pay the principal of and interest on the refunding bonds from exceeding the total aggregate principal and interest to become due on the refunded bonds from the date of issuance to the final date of maturity on the bonds being refunded. Requires the following taxes to be levied, assessed and collected as other taxes of political subdivisions and the proceeds kept in a special fund and used only for the purposes for which it was collected: 1) an amount sufficient to pay the interest on all refunding bonds outstanding; 2) the installments of the principal becoming due and payable in the ensuing year; and c) the annual portion of a sinking fund set up for retirement of the bonds.

## FINANCE COMMITTEE (Cont'd)

***Refunding Municipal Improvement District Bonds*** – Permits the issuance of bonds for the purpose of refunding municipal improvement district bonds.

***Miscellaneous*** – Removes the requirement that bonds sold in a public offering must receive one of the four highest investment grade ratings by a nationally recognized bond rating agency and allows municipal, county and street and highway improvement bonds to be sold by negotiated sale.

special health care districts; treasurer (H.B. 2308) – Chapter 88

Removes a special healthcare district's ability to appoint its own treasurer to hold, deposit into the district's banking account, withdraw or invest all district monies or to enter into contracts with servicing banks. Requires all monies that are to be transferred to a county treasurer to be transferred no later than 45 days after the effective date and releases the county and county treasurer from liability for any special healthcare district monies not dispersed until the monies are transferred to the possession of the county treasurer.

agricultural feed; sales; tax exemption (H.B. 2326) – Chapter 361

Exempts the sales of the following from transaction privilege tax (TPT) under the retail classification and use tax: 1) livestock and poultry to persons engaged in the businesses of farming, ranching or producing livestock or poultry; and 2) livestock and poultry feed, salts, vitamins and other additives for livestock or poultry consumption that are sold to persons for use or consumption by their own livestock, for use or consumption in the businesses of farming, ranching and producing or feeding livestock, poultry or livestock or poultry products or for use or consumption in noncommercial boarding of livestock.

Stipulates that owners, proprietors or tenants of agricultural lands or farms who sell livestock or poultry feed that is grown or raised on their lands to any of the following do not need to obtain a TPT exemption certificate or resale certificate: 1) persons who feed their own livestock or poultry; 2) persons who are engaged in the business of producing livestock or poultry commercially; and 3) persons who are engaged in the business of feeding livestock or poultry commercially or board livestock noncommercially.

Expands the definition of *food product* under the agriculture statutes to include animal feed that is grown or raised by the producer. Prohibits a tax, license or fee from being imposed.

~~unclaimed property; revenue department contracts~~ (NOW: ~~unclaimed property; auditor contingency contracts~~) (H.B. 2343) – Chapter 239

Requires audits, including those performed by contingent-fee auditors, to provide holders of unclaimed property a notice of rights that, at a minimum, includes the following: 1) a statement that the Department of Revenue (DOR) makes all final decisions regarding recommendations by a contingent-fee auditor that any unclaimed property is reportable; 2) information on corrections and appeals procedures; 3) where to file complaints of improper, abusive or inefficient service by employees or contingent-fee auditors; and 4) contact

## **FINANCE COMMITTEE (Cont'd)**

information of DOR's designated employees. Requires DOR to establish procedures to monitor the performance of contingent-fee auditors to develop metrics to evaluate the accuracy of unclaimed-property auditor recommendations and whether such recommendations were not accepted or approved by DOR.

Requires DOR to issue a request for information by January 1, 2017, to explore the feasibility of contracting for audits relating to unclaimed property that are not directly or indirectly contingent on the auditor recovering unclaimed property.

### racing; hardship tax credit; elimination (H.B. 2387) – Chapter 247 RFE

Repeals, effective May 13, 2016, the hardship tax credit for eligible permittees authorized to conduct racing. Contains requirements for enactment (Proposition 108).

### municipal improvement districts; formation election (H.B. 2440) – Chapter 9

Retroactively applies the following to pre-existing petition requirements for the formation of a municipal improvement district for which a city or town council has not adopted a boundary map by January 1, 2016: 1) requires a city or town council or a governing body of a municipality to submit, within 120 days, a petition to form a municipal improvement district after it has been determined the district should be formed; 2) requires the petition to be signed by owners of more than one-half of the taxable property units within the area of the proposed district and by persons owning collectively more than one-half of the assessed valuation of the property within the area of the proposed district; 3) prohibits property that is exempt from property tax from being considered in determining the total assessed valuation of the proposed district; 4) prohibits owners of property that is not subject to taxation from signing the petition; and 5) allows a municipality to form the improvement district on verification of the petition signatures.

### taxation; self-reported errors; injured spouses (H.B. 2449) – Chapter 197

Eliminates penalties for taxpayers who voluntarily identify errors in their returns and specifies the process by which a joint-filing spouse can apply for protection of the spouse's share of any refunds from being seized for the payment of the other spouse's debts. Becomes effective and applies to taxable years beginning January 1, 2017.

### schools; primary property tax rates (H.B. 2481) – Chapter 364

SEE THE EDUCATION COMMITTEE.

### telecommunications utilities; relocation; reimbursement (H.B. 2486) – Chapter 259

Requires a municipality to reimburse a telecommunications utility (utility) for the cost of relocated facilities located within the municipal boundaries as a result of any construction project in that municipality, undertaken individually or jointly by an intergovernmental contract and funded in whole or in part by voter-approved municipal bond proceeds. Requires a municipality

## **FINANCE COMMITTEE (Cont'd)**

to provide a utility with equal land rights in the new location of the relocated facilities if the utility has existing land rights. If a utility's existing facilities are located in the right-of-way under a permit, the municipality must provide the utility with rights in the new location of the relocated facilities equivalent to the existing rights under the permit.

Requires a utility to submit a verified itemized claim to a municipality for the reimbursement of relocation costs within 180 days after each calendar quarter in which the utility incurs relocation costs. A municipality is required to: 1) review each verified itemized claim, which may include any audit; 2) reimburse a telecommunications utility for relocations costs within 90 days after receipt of the verified claim; and 3) reimburse verified claims from all affected telecommunications utilities in the order of receipt. Stipulates reimbursement limitations for relocation costs.

### charter aircraft; tax exemption (H.B. 2533) – Chapter 367

Effective July 1, 2017, and retroactive to June 1, 1998, exempts, from retail transaction privilege tax (TPT) and use tax, aircraft, navigational and communication instruments and other accessories and related equipment sold to a person: 1) exempted by federal law from obtaining a federal certificate of public convenience and necessity; 2) federally certificated or licensed to transport persons or property in intrastate, interstate or foreign commerce; 3) operating an aircraft in any manner for compensation or hire; or 4) acquiring an aircraft for the purpose of selling, leasing or transferring operational control of the aircraft, instruments or accessories to one or more persons. Prohibits the aggregate amount of refunds from exceeding \$1,000 and stipulates if the aggregate amount of valid claims exceeds \$1,000, the Department of Revenue must reduce each claim proportionately so the aggregate amount of the refund is not more than \$1,000. Stipulates that claims for refunds of TPT must be submitted by December 31, 2016.

### fine art; TPT exemption (H.B. 2536) – Chapter 368

Applicable to taxable periods beginning the September 1, 2016, exempts from retail transaction privilege tax and use tax, sales of works of fine art at an auction or gallery in this state to nonresidents of this state for use outside this state if the vendor ships or delivers the work of fine art to a destination outside of this state.

### municipal bonds; tax levy (H.B. 2538) – Chapter 334

Prohibits an annual levy for bonds or refunded bonds from exceeding the net amount necessary to meet the following: 1) payments of principal and interest; 2) projected payments of principal and interest on new debt planned for the ensuing year; and 3) amounts necessary to correct prior year shortages in the levy.

### sanitary district refunding bonds (H.B. 2561) – Chapter 264

Authorizes the board of directors (board) of a sanitary district (district) to issue bonds for the purpose of refunding any bonds issued. Stipulates that refunding bonds can only be issued if

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the total amount of principal of and interest on the refunding bonds does not exceed the total amount of remaining principal of interest on the bonds to be refunded.

***Use of Net Proceeds of Refunding Bonds*** – Stipulates that refunding bonds can be: 1) exchanged for bonds of at least the same principal amount of the bonds to be refunded; 2) sold at, above or below par at a negotiated or public sale; and 3) exchanged and sold in part. Amounts and investments from the sale of refunded bonds must be deposited in trust with a national banking corporation, or an association authorized to do trust business in this state, that is a member of the Federal Deposit Insurance Corporation or any successor. Stipulates that after being deposited, bonds being refunded are considered to have been paid and have no further interest in the assessments for the bonds being refunded.

Allows the treasurer of a district to enter into trust agreements with banking corporations or associations for the handling, safekeeping and administration of the amounts and investments that are derived from, or contributed to, the refunding. Requires monies that are invested from the sale of refunded bonds to be invested and reinvested at the board's discretion.

***Modified Assessment*** – Requires the board, if a refunding bond is issued, to file a modified assessment reflecting the reduction of the assessment. Allows the board to approve a modified assessment without hearing or notice if the assessment does not increase the assessment on any parcel or lot within the district; however, a hearing must be provided if the modified assessment results in an increase in the assessment to any parcel or lot in the district.

***Security for and Payment of Bonds*** – Requires refunding bonds to be secured by and payable from the special assessments levied to pay the bonds being refunded and requires the board, on the issuance of refunding bonds, to cause the remaining unpaid installments of the special assessments to be recalculated and modified so that the amounts to be collected equal the amounts necessary to repay the refunding bonds.

Stipulates that assessments survive the payment or defeasance of the bonds being refunded and remain in force and effect, securing the refunded bonds until they are paid in full.

Stipulates that refunding bonds are payable only from a special fund to be established and collected from special assessments and specifies that the special fund is to be set apart solely to pay the principal of and interest on refunding bonds.

***Collection of Assessments*** – Allows the treasurer of a district and the county treasurer to provide by agreement for: 1) the county treasurer to collect special assessments at the same time and in the same manner for the collection and enforcement of general ad valorem property taxes; and 2) compensation of the county treasurer directly related to the collection of the special assessment.

***Determination of the Board*** – Stipulates that the determination of the board that the limitations and conditions relating to issuing refunding bonds have been met is conclusive in the absence of fraud or arbitrary and gross abuse of discretion.

## **FINANCE COMMITTEE (Cont'd)**

data center tax relief; qualification (H.B. 2584) – Chapter 369

SEE THE COMMERCE AND WORKFORCE DEVELOPMENT.

tobacco master settlement; sales data (H.B. 2594) – Chapter 301

Requires any tobacco sales data or dispute agreements under the Master Settlement Agreement provided to the Attorney General or the Department of Revenue (DOR) to be kept confidential, excluding data from tax reports or returns, or any other tax report, return or form filed with DOR.

Israel; boycotts; contracts; investments (H.B. 2617) – Chapter 46

SEE THE FEDERALISM, MANDATES AND FISCAL RESPONSIBILITY COMMITTEE.

water; improvement districts; tax limit (H.B. 2622) – Chapter 244

Allows the majority of real property owners in a domestic water improvement district or a domestic wastewater improvement district to petition the governing body of the district to apportion the tax among lots according to the area in square feet of each lot and permits the governing body to establish by resolution a limit on the amount of tax that can be assessed and collected by the district from any single parcel or property.

PSPRS; CORP; EORP; administration changes (H.B. 2643) – Chapter 323

Requires that the alternate contribution rate (ACR) that is applied to the amortization of the unfunded actuarial liability is based on the individual amortized rate. The bill also specifies that a Public Safety Personnel Retirement System or Corrections Officer Retirement Plan member who retires and subsequently becomes an elected official is not considered reemployed by the same employer.

TPT exemption; amateur races (H.B. 2674) – Chapter 373

Exempts from transaction privilege tax the gross proceeds of sales or gross income derived from entry fees paid by participants for events that: 1) until March 1, 2017, consist of a run, walk, swim, bicycle ride or a similar event or any combination of these events; and 2) consist of a run, walk, swim, bicycle ride or similar event or any combination of these events that are operated or conducted by nonprofit organizations. Specifies that any amount assessed to an operator as a tax, interest or penalty before the effective date is to be remitted and forgiven.

Stipulates that any lien against an operator's property to collect an amount of tax, interest or penalty is to be abated and requires the Department of Revenue to do all of the following: 1) release the property and rights to property from the lien; 2) withdraw any recorded notice of lien; and 3) on written notice of the operator, issue a certificate of release of lien to the operator against whom the lien was claimed.

## FINANCE COMMITTEE (Cont'd)

tax credit; title I schools (NOW: utilities; manufacturing; smelting; TPT) (H.B. 2676) – Chapter 374

Clarifies, effective January 1, 2017, that the gross proceeds of sales or gross income derived from sales of electricity or natural gas to a qualified manufacturing or smelting business are exempt from transaction privilege tax (TPT) under the utilities classification and use tax and stipulates that a municipality is required to either tax or exempt in whole the gross proceeds of sales or gross income from those sales. Requires a utility that claims the electricity or natural gas deduction under the utilities classification to, each month, report the name and address of each qualified manufacturing or smelting business for which the deduction is taken each month on a form prescribed by the Department of Revenue.

Specifies that a vendor who has reason to believe that a TPT exemption certificate (certificate) is not accurate or complete will not be relieved of the burden of proving entitlement to the exemption; however, a vendor that accepts a certificate in good faith is relieved of the burden of proving the entitlement and the purchaser could be required to establish the accuracy of the exemption. If the purchaser cannot establish the accuracy and completeness of the certificate, the purchaser is liable for an amount equal to the TPT, penalty and interest that the vendor would have been required to pay if the vendor had not accepted the certificate.

revenue; budget reconciliation; 2016-2017 (H.B. 2708/S.B. 1539) – Chapter 125

SEE THE APPROPRIATIONS COMMITTEE.

public retirement system benefits (S.C.R. 1019)

SEE THE MEMORIALS AND RESOLUTIONS SECTION.