

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HOUSE BILL 2871

AN ACT

REPEALING SECTION 15-1306, ARIZONA REVISED STATUTES; AMENDING SECTIONS 36-1947, 41-704, 42-1116, 42-5014, 42-5029, 42-5033.01, 42-5252 AND 42-5253, ARIZONA REVISED STATUTES; MAKING APPROPRIATIONS; RELATING TO GENERAL REVENUES BUDGET RECONCILIATION; PROVIDING FOR CONDITIONAL ENACTMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Repeal

3 Section 15-1306, Arizona Revised Statutes, is repealed.

4 Sec. 2. Section 36-1947, Arizona Revised Statutes, is amended to read:
5 36-1947. Telecommunication devices for the deaf and the hearing
6 and speech impaired; fund

7 A. The commission shall establish and administer a statewide program
8 to purchase, repair and distribute telecommunication devices to residents of
9 this state who are deaf or severely hearing or speech impaired and establish
10 a dual party relay system making all phases of public telephone service
11 available to persons who are deaf or severely hearing or speech impaired.

12 B. The commission may adopt administrative procedures, rules, criteria
13 and forms to establish and administer the telecommunication device program
14 under this section.

15 C. Telecommunication devices furnished by the commission under this
16 section remain the property of this state. A person who receives a
17 telecommunication device from the commission under this section is liable for
18 the loss of or damage to the device. The commission may impose a civil
19 penalty against the person in an amount equal to the cost of the device or
20 the amount of damage done to the device. If a person objects to the
21 imposition of a civil penalty, the commission shall conduct a hearing as
22 prescribed in title 41, chapter 6, article 10. Monies collected by the
23 commission under this subsection shall be deposited in the telecommunication
24 fund for the deaf established by subsection D of this section.

25 D. The telecommunication fund for the deaf is established. The
26 commission shall administer the fund. Monies in the fund shall be derived
27 from the telecommunication services excise tax ~~levied under~~ **REVENUES**
28 **DISTRIBUTED PURSUANT TO** section 42-5252, subsection ~~A B, paragraph 4.~~
29 Interest accruing to the fund shall be deposited in the fund. Monies in the
30 fund are exempt from section 35-190 relating to lapsing of appropriations.
31 Subject to legislative appropriation, the commission shall use fund monies to
32 purchase and repair telecommunication devices, to administer the program
33 established by this section and for the operating costs of the commission.

34 Sec. 3. Section 41-704, Arizona Revised Statutes, is amended to read:
35 41-704. Emergency telecommunication services; administration;
36 revolving fund

37 A. The director of the department of administration shall:

38 1. Adopt rules and procedures for administering and disbursing monies
39 deposited in the emergency telecommunication services revolving fund, and at
40 least quarterly review and approve requests by political subdivisions of this
41 state for payment for operating emergency telecommunication service systems.

42 2. In fiscal year 2001-2002 and every two years thereafter, recommend
43 to the legislature the amount of the telecommunication services excise tax
44 that will be required during the following two fiscal years for purposes of
45 this section, with supporting documentation and information. The legislature

1 shall review the recommendation and take legislative action regarding the
2 recommendation.

3 ~~3. Separately account for costs associated with wireless access~~
4 ~~service for emergency telecommunication service systems and report those~~
5 ~~costs to the president of the senate and the speaker of the house of~~
6 ~~representatives by December 31, 2002.~~

7 B. An emergency telecommunication services revolving fund is
8 established to be administered by the director. The fund shall be used for:

9 1. Necessary or appropriate equipment or service for implementing and
10 operating emergency telecommunication services through political subdivisions
11 of this state. Priority shall be given to establishing emergency
12 telecommunication services in those areas of the state that are without
13 emergency telecommunication services.

14 2. Necessary or appropriate administrative costs or fees for
15 consultants' services, not to exceed three per cent of the amounts deposited
16 annually in the revolving fund. For fiscal years beginning after June 30,
17 2001, the department may use up to two-thirds of the three per cent of the
18 amounts deposited annually in the revolving fund for administrative costs.
19 The remainder of the three per cent may be allocated for local network
20 management of contracts with public safety answering points for emergency
21 telecommunication services.

22 3. Monthly recurring costs of emergency telecommunication services,
23 including expenditures for capital, maintenance and operation purposes.

24 4. A wireless carrier's costs associated with the provision,
25 development, design, construction and maintenance of the wireless emergency
26 telecommunication services in an amount that the wireless carrier has not
27 recovered through the deduction mechanism specified in federal law.

28 C. At the end of each fiscal year, any unexpended monies in the fund,
29 including interest, shall be carried over and do not revert to the general
30 fund but shall be applied to the extent possible to reduce the levy under
31 section 42-5252, subsection A, ~~paragraphs 1, 2 and 3~~ for the following fiscal
32 year.

33 Sec. 4. Section 42-1116, Arizona Revised Statutes, is amended to read:

34 42-1116. Disposition of tax revenues

35 A. The department shall promptly deposit, pursuant to sections 35-146
36 and 35-147, all monies it collects from the taxes administered pursuant to
37 this article except the telecommunication services excise tax, separately
38 accounting for each type of tax and each tax classification within each type
39 of tax. At the same time the department of revenue shall also furnish copies
40 of the transmittal schedules to the director of the department of
41 administration.

42 B. Except as provided by subsection C of this section, the department
43 shall deposit all monies and remittances received under this section to the
44 credit of the following specific funds and accounts:

1 after December 31, 1998, the department may, for any taxpayer whose estimated
2 annual liability for taxes imposed by this article is five hundred dollars or
3 less, authorize such taxpayer to pay such taxes on an annual basis.

4 C. The department may require a taxpayer whose business is of a
5 transient character to file the return and remit the taxes imposed by this
6 article on a daily, a weekly or a transaction by transaction basis, and those
7 returns and payments are due and payable on the date fixed by the department
8 without a grace period otherwise allowed by this section. For purposes of
9 this subsection, "business of a transient character" means sales activity by
10 a taxpayer not regularly engaged in selling within the state conducted from
11 vehicles, portable stands, rented spaces, structures or booths, or
12 concessions at fairs, carnivals, circuses, festivals or similar activities
13 for not more than thirty consecutive days.

14 D. If the business entity under which a taxpayer reports and pays
15 income tax under title 43 has an annual total tax liability under this
16 article, article 6 of this chapter and chapter 6, article 3 of this title of
17 ~~one hundred thousand~~ TWO HUNDRED FIFTY THOUSAND dollars or more, based on the
18 actual tax liability in the preceding calendar year, regardless of the number
19 of offices at which the taxes imposed by this article, article 6 of this
20 chapter or chapter 6, article 3 of this title are collected, or if the
21 taxpayer can reasonably anticipate such liability in the current year, the
22 taxpayer shall report on a form prescribed by the department and pay an
23 estimated tax payment each June. Any other taxpayer may voluntarily elect to
24 pay the estimated tax payment pursuant to this subsection. The payment shall
25 be made on or before June 20 and is delinquent if not postmarked on or before
26 that date or if not received by the department on or before the business day
27 preceding the last business day of June for those taxpayers electing to file
28 by mail, or delinquent if not received by the department on the business day
29 preceding the last business day of June for those taxpayers electing to file
30 in person. A taxpayer paying by using the method prescribed in subsection A,
31 paragraph 4 of this section shall make the estimated tax payments on or
32 before June 25, and the payment is delinquent if not transferred by the last
33 day to make the estimated payment. The estimated tax paid shall be credited
34 against the taxpayer's tax liability under this article, article 6 of this
35 chapter and chapter 6, article 3 of this title for the month of June for the
36 current calendar year. The estimated tax payment shall equal either:

37 1. One-half of the actual tax liability under this article plus
38 one-half of any tax liability under article 6 of this chapter and chapter 6,
39 article 3 of this title for May of the current calendar year.

40 2. The actual tax liability under this article plus any tax liability
41 under article 6 of this chapter and chapter 6, article 3 of this title for
42 the first fifteen days of June of the current calendar year.

43 E. The taxpayer shall prepare a return showing the amount of the tax
44 for which the taxpayer is liable for the preceding month, and shall mail or
45 deliver the return to the department in the same manner and time as

1 prescribed for the payment of taxes in subsection A of this section. The
2 return shall be verified by the oath of the taxpayer or an authorized agent
3 or as prescribed by the department pursuant to section 42-1105, subsection B.

4 F. Any person taxable under this article making cash and credit sales
5 shall report such cash and credit sales separately and upon making
6 application may obtain from the department an extension of time for payment
7 of taxes due on the credit sales. The extension shall be granted by the
8 department under such rules as the department prescribes. When the extension
9 is granted, the taxpayer shall thereafter include in each monthly report all
10 collections made on such credit sales during the month next preceding, and
11 shall pay the taxes due at the time of filing such report.

12 G. The returns required under this article shall be made upon forms
13 prescribed by the department.

14 H. The department, for good cause, may extend the time for making any
15 return required by this article, and may grant such reasonable additional
16 time within which to make the return as it deems proper, but the time for
17 filing the return shall not be extended beyond the first day of the third
18 month next succeeding the regular due date of the return.

19 I. The department, with the approval of the attorney general, may
20 abate small tax balances if the administration costs exceed the amount of tax
21 due.

22 J. For the purposes of subsection D of this section, "taxpayer" means
23 the business entity under which the business reports and pays state income
24 taxes regardless of the number of offices at which the taxes imposed by this
25 article, article 6 of this chapter or chapter 6, article 3 of this title are
26 collected.

27 Sec. 6. Section 42-5029, Arizona Revised Statutes, is amended to read:
28 42-5029. Remission and distribution of monies; definition

29 A. The department shall deposit, pursuant to sections 35-146 and
30 35-147, all revenues collected under this article and articles 4, 5, 8 and 9
31 of this chapter pursuant to section 42-1116, separately accounting for:

- 32 1. Payments of estimated tax under section 42-5014, subsection D.
- 33 2. Revenues collected pursuant to section 42-5070.

34 3. Revenues collected under this article and article 5 of this chapter
35 from and after June 30, 2000 from sources located on Indian reservations in
36 this state.

37 4. Revenues collected pursuant to section 42-5010, subsection G and
38 section 42-5155, subsection D.

39 B. The department shall credit payments of estimated tax to an
40 estimated tax clearing account and each month shall transfer all monies in
41 the estimated tax clearing account to a fund designated as the transaction
42 privilege and severance tax clearing account. The department shall credit
43 all other payments to the transaction privilege and severance tax clearing
44 account, separately accounting for the monies designated as distribution base
45 under sections 42-5010, 42-5164, 42-5205, 42-5353 and 42-5409. Each month

1 the department shall report to the state treasurer the amount of monies
2 collected pursuant to this article and articles 4, 5, 8 and 9 of this
3 chapter.

4 C. On notification by the department, the state treasurer shall
5 distribute the monies deposited in the transaction privilege and severance
6 tax clearing account in the manner prescribed by this section and by sections
7 42-5164, 42-5205, 42-5353 and 42-5409, after deducting warrants drawn against
8 the account pursuant to sections 42-1118 and 42-1254.

9 D. Of the monies designated as distribution base the department shall:

10 1. Pay twenty-five per cent to the various incorporated municipalities
11 in this state in proportion to their population to be used by the
12 municipalities for any municipal purpose.

13 2. Pay 38.08 per cent to the counties in this state by averaging the
14 following proportions:

15 (a) The proportion that the population of each county bears to the
16 total state population.

17 (b) The proportion that the distribution base monies collected during
18 the calendar month in each county under this article, section 42-5164,
19 subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409
20 bear to the total distribution base monies collected under this article,
21 section 42-5164, subsection B, section 42-5205, subsection B and sections
22 42-5353 and 42-5409 throughout the state for the calendar month.

23 3. Pay an additional 2.43 per cent to the counties in this state as
24 follows:

25 (a) Average the following proportions:

26 (i) The proportion that the assessed valuation used to determine
27 secondary property taxes of each county, after deducting that part of the
28 assessed valuation that is exempt from taxation at the beginning of the month
29 for which the amount is to be paid, bears to the total assessed valuations
30 used to determine secondary property taxes of all the counties after
31 deducting that portion of the assessed valuations that is exempt from
32 taxation at the beginning of the month for which the amount is to be paid.
33 Property of a city or town that is not within or contiguous to the municipal
34 corporate boundaries and from which water is or may be withdrawn or diverted
35 and transported for use on other property is considered to be taxable
36 property in the county for purposes of determining assessed valuation in the
37 county under this item.

38 (ii) The proportion that the distribution base monies collected during
39 the calendar month in each county under this article, section 42-5164,
40 subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409
41 bear to the total distribution base monies collected under this article,
42 section 42-5164, subsection B, section 42-5205, subsection B and sections
43 42-5353 and 42-5409 throughout the state for the calendar month.

44 (b) If the proportion computed under subdivision (a) of this paragraph
45 for any county is greater than the proportion computed under paragraph 2 of

1 this subsection, the department shall compute the difference between the
2 amount distributed to that county under paragraph 2 of this subsection and
3 the amount that would have been distributed under paragraph 2 of this
4 subsection using the proportion computed under subdivision (a) of this
5 paragraph and shall pay that difference to the county from the amount
6 available for distribution under this paragraph. Any monies remaining after
7 all payments under this subdivision shall be distributed among the counties
8 according to the proportions computed under paragraph 2 of this subsection.

9 4. After any distributions required by sections 42-5030, 42-5030.01,
10 42-5031, 42-5032 and 42-5032.01, and after making any transfer to the water
11 quality assurance revolving fund as required by section 49-282, subsection B,
12 credit the remainder of the monies designated as distribution base to the
13 state general fund. From this amount:

14 (a) The legislature shall annually appropriate to:

15 (i) The department of revenue sufficient monies to administer and
16 enforce this article and articles 5, 8 and 9 of this chapter.

17 (ii) The department of economic security monies to be used for the
18 purposes stated in title 46, chapter 1.

19 ~~(iii) The Arizona arts endowment fund established by section 41-986,
20 the full amount by which revenues derived from the amusement classification
21 pursuant to section 42-5073 for the current fiscal year exceed the revenues
22 that were derived from that classification in fiscal year 1993-1994, except
23 that this amount shall not exceed two million dollars through fiscal year
24 2008-2009.~~

25 ~~(iv)~~ (iii) The firearms safety and ranges fund established by section
26 17-273, fifty thousand dollars derived from the taxes collected from the
27 retail classification pursuant to section 42-5061 for the current fiscal
28 year.

29 (b) The state treasurer shall transfer to the tourism fund an amount
30 equal to the sum of the following:

31 (i) Three and one-half per cent of the gross revenues derived from the
32 transient lodging classification pursuant to section 42-5070 during the
33 preceding fiscal year.

34 (ii) Three per cent of the gross revenues derived from the amusement
35 classification pursuant to section 42-5073 during the preceding fiscal year.

36 (iii) Two per cent of the gross revenues derived from the restaurant
37 classification pursuant to section 42-5074 during the preceding fiscal year.

38 E. If approved by the qualified electors voting at a statewide general
39 election, all monies collected pursuant to section 42-5010, subsection G and
40 section 42-5155, subsection D shall be distributed each fiscal year pursuant
41 to this subsection. The monies distributed pursuant to this subsection are
42 in addition to any other appropriation, transfer or other allocation of
43 public or private monies from any other source and shall not supplant,
44 replace or cause a reduction in other school district, charter school,

1 university or community college funding sources. The monies shall be
2 distributed as follows:

3 1. If there are outstanding state school ~~facilities~~ IMPROVEMENTS
4 revenue bonds pursuant to title 15, chapter 16, article 7, each month
5 one-twelfth of the amount that is necessary to pay the fiscal year's debt
6 service on outstanding state school improvement revenue bonds for the current
7 fiscal year shall be transferred each month to the school improvement revenue
8 bond debt service fund established by section 15-2084. The total amount of
9 bonds for which these monies may be allocated for the payment of debt service
10 shall not exceed a principal amount of eight hundred million dollars
11 exclusive of refunding bonds and other refinancing obligations.

12 2. After any transfer of monies pursuant to paragraph 1 of this
13 subsection, twelve per cent of the remaining monies collected during the
14 preceding month shall be transferred to the technology and research
15 initiative fund established by section 15-1648 to be distributed among the
16 universities for the purpose of investment in technology and research-based
17 initiatives.

18 3. After the transfer of monies pursuant to paragraph 1 of this
19 subsection, three per cent of the remaining monies collected during the
20 preceding month shall be transferred to the workforce development account
21 established in each community college district pursuant to section 15-1472
22 for the purpose of investment in workforce development programs.

23 4. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
24 subsection, one-twelfth of the amount a community college that is owned,
25 operated or chartered by a qualifying Indian tribe on its own Indian
26 reservation would receive pursuant to section 15-1472, subsection D,
27 paragraph 2 if it were a community college district shall be distributed each
28 month to the treasurer or other designated depository of a qualifying Indian
29 tribe. Monies distributed pursuant to this paragraph are for the exclusive
30 purpose of providing support to one or more community colleges owned,
31 operated or chartered by a qualifying Indian tribe and shall be used in a
32 manner consistent with section 15-1472, subsection B. For purposes of this
33 paragraph, "qualifying Indian tribe" has the same meaning as defined in
34 section 42-5031.01, subsection D.

35 5. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
36 subsection, one-twelfth of the following amounts shall be transferred each
37 month to the department of education for the increased cost of basic state
38 aid under section 15-971 due to added school days and associated teacher
39 salary increases enacted in 2000:

40 (a) In fiscal year 2001-2002, \$15,305,900.

41 (b) In fiscal year 2002-2003, \$31,530,100.

42 (c) In fiscal year 2003-2004, \$48,727,700.

43 (d) In fiscal year 2004-2005, \$66,957,200.

44 (e) In fiscal year 2005-2006 and each fiscal year thereafter,
45 \$86,280,500.

1 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
2 subsection, seven million eight hundred thousand dollars is appropriated each
3 fiscal year, to be paid in monthly installments, to the department of
4 education to be used for school safety as provided in section 15-154 and two
5 hundred thousand dollars is appropriated each fiscal year, to be paid in
6 monthly installments to the department of education to be used for the
7 character education matching grant program as provided in section 15-154.01.

8 7. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
9 subsection, no more than seven million dollars may be appropriated by the
10 legislature each fiscal year to the department of education to be used for
11 accountability purposes as described in section 15-241 and title 15, chapter
12 9, article 8.

13 8. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
14 subsection, one million five hundred thousand dollars is appropriated each
15 fiscal year, to be paid in monthly installments, to the failing schools
16 tutoring fund established by section 15-241.

17 9. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
18 subsection, twenty-five million dollars shall be transferred each fiscal year
19 to the state general fund to reimburse the general fund for the cost of the
20 income tax credit allowed by section 43-1072.01.

21 10. After the payment of monies pursuant to paragraphs 1 through 9 of
22 this subsection, the remaining monies collected during the preceding month
23 shall be transferred to the classroom site fund established by section
24 15-977. The monies shall be allocated as follows in the manner prescribed by
25 section 15-977:

26 (a) Forty per cent shall be allocated for teacher compensation based
27 on performance.

28 (b) Twenty per cent shall be allocated for increases in teacher base
29 compensation and employee related expenses.

30 (c) Forty per cent shall be allocated for maintenance and operation
31 purposes.

32 F. The department shall credit the remainder of the monies in the
33 transaction privilege and severance tax clearing account to the state general
34 fund, subject to any distribution required by section 42-5030.01.

35 G. Notwithstanding subsection D of this section, if a court of
36 competent jurisdiction finally determines that tax monies distributed under
37 this section were illegally collected under this article or articles 5, 8 and
38 9 of this chapter and orders the monies to be refunded to the taxpayer, the
39 department shall compute the amount of such monies that was distributed to
40 each city, town and county under this section. The department shall notify
41 the state treasurer of that amount plus the proportionate share of additional
42 allocated costs required to be paid to the taxpayer. Each city's, town's and
43 county's proportionate share of the costs shall be based on the amount of the
44 original tax payment each municipality and county received. Each month the
45 state treasurer shall reduce the amount otherwise distributable to the city,

1 town and county under this section by one thirty-sixth of the total amount to
2 be recovered from the city, town or county until the total amount has been
3 recovered, but the monthly reduction for any city, town or county shall not
4 exceed ten per cent of the full monthly distribution to that entity. The
5 reduction shall begin for the first calendar month after the final
6 disposition of the case and shall continue until the total amount, including
7 interest and costs, has been recovered.

8 H. On receiving a certificate of default from the greater Arizona
9 development authority pursuant to section 41-1554.06 or 41-1554.07 and to the
10 extent not otherwise expressly prohibited by law, the state treasurer shall
11 withhold from the next succeeding distribution of monies pursuant to this
12 section due to the defaulting political subdivision the amount specified in
13 the certificate of default and immediately deposit the amount withheld in the
14 greater Arizona development authority revolving fund. The state treasurer
15 shall continue to withhold and deposit the monies until the greater Arizona
16 development authority certifies to the state treasurer that the default has
17 been cured. In no event may the state treasurer withhold any amount that the
18 defaulting political subdivision certifies to the state treasurer and the
19 authority as being necessary to make any required deposits then due for the
20 payment of principal and interest on bonds of the political subdivision that
21 were issued before the date of the loan repayment agreement or bonds and that
22 have been secured by a pledge of distributions made pursuant to this section.

23 I. Except as provided by sections 42-5033 and 42-5033.01, the
24 population of a county, city or town as determined by the most recent United
25 States decennial census plus any revisions to the decennial census certified
26 by the United States bureau of the census shall be used as the basis for
27 apportioning monies pursuant to subsection D of this section.

28 J. For the purposes of this section, "community college district"
29 means a community college district **THAT IS** established pursuant to sections
30 15-1402 and 15-1403 **AND** that is a political subdivision of this state.

31 Sec. 7. Section 42-5033.01, Arizona Revised Statutes, is amended to
32 read:

33 **42-5033.01. Use of population estimates for state shared**
34 **revenues; report**

35 A. In lieu of conducting a special census as provided by sections
36 28-6532 and 42-5033, before May 1, 2006:

37 1. A city, town or county may submit to the director of the department
38 of revenue, the director of the department of transportation and the state
39 treasurer its July 2005 population estimate as approved by the director of
40 the department of economic security. On submittal, that population, plus any
41 revisions due to annexations certified by the United States bureau of the
42 census, shall be used for distribution of state shared tax revenues pursuant
43 to sections 28-5808, 28-6540, 42-5029 and 43-206 to the city, town or county
44 beginning July 1, 2006 through June 30, 2011.

1 2. A city, town or county may contract with the United States bureau
2 of the census to conduct a sample survey that results in a 2005 resident
3 population and submit the results of that survey to the director of the
4 department of revenue, the director of the department of transportation and
5 the state treasurer. The survey shall also report total resident population
6 in housing units, total resident population in group quarters, total housing
7 units and total occupied housing units for the city, town or county. On
8 submittal, that 2005 resident population, plus any revisions due to
9 annexations certified by the United States bureau of the census, shall be
10 used as the base for the calculation of population estimates for 2006 through
11 2010 by the department of economic security and for distribution of state
12 shared tax revenues pursuant to sections 28-5808, 28-6540, 42-5029 and 43-206
13 to the city, town or county beginning July 1, 2006 through June 30, 2011.
14 Any city, town or county contracting for the survey may not exercise the
15 option provided in ~~subsection A~~, paragraph 1 of this ~~section~~ SUBSECTION.

16 3. A city, town or county may request the director of the department
17 of revenue, the director of the department of transportation and the state
18 treasurer to continue to use the 2000 United States decennial census through
19 June 30, 2011 for distribution of state shared tax revenues pursuant to
20 sections 28-5808, 28-6540, 42-5029 and 43-206.

21 B. No later than ~~June 30~~ JULY 31, 2006, the joint legislative budget
22 committee shall prepare a report on the use of population estimates pursuant
23 to this section and shall include a comparison of:

24 1. The population estimate data produced by the department of economic
25 security for purposes of this section with any available census data.

26 2. State shared revenue amounts distributed to cities, towns and
27 counties using the special census or sample survey population data with
28 amounts that would have been distributed using the population estimate data
29 produced by the department of economic security for the purposes of this
30 section.

31 Sec. 8. Section 42-5252, Arizona Revised Statutes, is amended to read:
32 42-5252. Levy of tax

33 A. A tax is levied on every provider in an amount as follows:

34 1. For the fiscal years beginning from and after June 30, 2001 and
35 ending before July 1, 2006, thirty-seven cents per month for each activated
36 wire and wireless service account for the purpose of financing emergency
37 telecommunication services.

38 2. For fiscal year 2006-2007, twenty-eight cents per month for each
39 activated wire and wireless service account for the purpose of financing
40 emergency telecommunication services.

41 3. For the fiscal years beginning from and after June 30, 2007, twenty
42 cents per month for each activated wire and wireless service account for the
43 purpose of financing emergency telecommunication services.

44 B. A TAX IS LEVIED ON EVERY PROVIDER AT THE RATE OF 1.1 PER CENT OF
45 THE PROVIDERS' GROSS PROCEEDS OF SALES OR GROSS INCOME DERIVED FROM THE

1 BUSINESS OF PROVIDING EXCHANGE ACCESS SERVICES. REVENUES FROM THE TAX SHALL
2 BE USED

3 ~~4. 0.68 per cent of the provider's gross proceeds of sales or gross~~
4 ~~income derived from the business of providing exchange access services~~ for
5 the purpose of financing telecommunication devices for the deaf and the
6 severely hearing and speech impaired under the program established pursuant
7 to section 36-1947.

8 ~~5. 0.25 per cent of the provider's gross proceeds of sales or gross~~
9 ~~income derived from the business of providing exchange access services for~~
10 ~~the purpose of financing the Arizona poison control system. These monies~~
11 ~~shall be deposited in the poison control fund administered by the department~~
12 ~~of health services and are subject to legislative appropriation.~~

13 ~~6. 0.16 per cent of the provider's gross proceeds of sales or gross~~
14 ~~income derived from the business of providing exchange access services for~~
15 ~~the purpose of financing the operating expenses of the Arizona state schools~~
16 ~~for the deaf and the blind pursuant to section 15-1306.~~

17 ~~7. 0.01 per cent of the provider's gross proceeds of sales or gross~~
18 ~~income derived from the business of providing exchange access services for~~
19 ~~the purpose of financing the teratogen information program at the university~~
20 ~~of Arizona. These monies shall be deposited in the teratogen information~~
21 ~~program fund administered by the university of Arizona health sciences~~
22 ~~center.~~

23 ~~B.~~ C. Each provider shall state on the invoice to customers a
24 separate line item stating the amount of tax levied pursuant to ~~subsection~~
25 ~~SUBSECTIONS A AND B~~ of this section.

26 ~~C.~~ D. Unless the context otherwise requires, article 1 of this
27 chapter governs the administration of the tax imposed under this section.

28 Sec. 9. Section 42-5253, Arizona Revised Statutes, is amended to read:
29 42-5253. Remission and distribution of revenues

30 A. Each provider shall remit monthly to the department the amount of
31 tax due pursuant to section 42-5252, accompanied by an information return as
32 prescribed by the department.

33 B. The department shall deposit, pursuant to sections 35-146 and
34 35-147, all monies remitted pursuant to this article as follows:

35 1. Section 42-5252, subsection A, ~~paragraphs 1, 2 and 3~~ in the
36 emergency telecommunication services revolving fund.

37 2. Section 42-5252, subsection ~~A~~ B, ~~paragraph 4~~ in the
38 telecommunication fund for the deaf.

39 Sec. 10. Lottery deposits

40 Notwithstanding section 5-505, subsection B, Arizona Revised Statutes,
41 for fiscal year 2006-2007, at least 31.6 per cent of the total annual
42 revenues accruing from the sale of multistate lottery tickets shall be
43 deposited in the state lottery fund established by section 5-521, Arizona
44 Revised Statutes, to be used as prescribed in section 5-522, Arizona Revised

1 Statutes, including deposits to the state general fund pursuant to section
2 5-522, subsection F, Arizona Revised Statutes.

3 Sec. 11. Unrestricted federal monies

4 Any unrestricted federal monies received from May 1, 2006 through June
5 30, 2007 shall be deposited in the state general fund. The monies shall be
6 used for the payment of essential governmental services.

7 Sec. 12. Appropriation; towns; population

8 A. The sum of \$850,000 is appropriated from the state general fund in
9 fiscal year 2006-2007 to the department of revenue for distribution to towns
10 with a population of one thousand five hundred persons or less.

11 B. The appropriated monies shall be distributed in the following
12 amounts to the qualifying towns in fiscal year 2006-2007, based
13 proportionately on the difference between each town's 2004 population
14 estimate from the department of economic security and the population of a
15 hypothetical incorporated municipality of one thousand five hundred persons:

16	1. Fredonia	\$ 73,750.
17	2. Patagonia	\$110,620.
18	3. Hayden	\$116,300.
19	4. Duncan	\$131,420.
20	5. Winkleman	\$196,660.
21	6. Jerome	\$221,250.

22 Sec. 13. Effective date

23 Section 42-1116, Arizona Revised Statutes, as amended by this act, is
24 effective from and after June 30, 2007.

25 Sec. 14. Retroactivity

26 A. Sections 36-1947, 41-704, 42-5033.01, 42-5252 and 42-5253, Arizona
27 Revised Statutes, as amended by this act, apply retroactively to June 30,
28 2006.

29 B. Section 11 of this act, relating to unrestricted federal monies, is
30 effective retroactively to from and after April 30, 2006.

31 Sec. 15. Conditional enactment; notice

32 A. State general fund revenue for fiscal year 2006-2007, not including
33 the beginning balance and including one-time revenues, is forecasted to be
34 \$9,102,156,800. The state general fund revenue forecast for fiscal year
35 2006-2007 includes \$113,127,300 for disproportionate share revenue. The
36 staff director of the joint legislative budget committee and the governor's
37 office of strategic planning and budgeting may adjust the state general fund
38 revenue forecast for fiscal year 2006-2007 to reflect changes in the actual
39 amount of disproportionate share revenue.

40 B. On or before August 31, 2006, the staff director of the joint
41 legislative budget committee and the governor's office of strategic planning
42 and budgeting shall agree on a monthly forecast for fiscal year 2006-2007
43 state general fund revenue. After August 31, 2006, the staff director of the
44 joint legislative budget committee and the governor's office of strategic

1 planning and budgeting may jointly agree to adjust the monthly revenue
2 forecast to reflect technical revisions.

3 C. On or before February 12, 2007, the staff director of the joint
4 legislative budget committee and the governor's office of strategic planning
5 and budgeting shall jointly notify the governor, the president of the senate,
6 the speaker of the house of representatives and the director of the
7 legislative council whether actual fiscal year 2006-2007 state general fund
8 revenue through December 31, 2006, excluding the beginning balance, exceeded
9 the aggregate monthly forecast through December 31, 2006 and, if so, the
10 total revenue amount and the amount above the forecast.

11 D. If, as determined by the staff director of the joint legislative
12 budget committee and the governor's office of strategic planning and
13 budgeting pursuant to subsection C of this section, the actual state general
14 fund revenue from fiscal year 2006-2007 exceeds the forecast by \$22,000,000
15 or more:

16 1. Section 42-5029, Arizona Revised Statutes, as amended by section 6
17 of this act is effective from and after June 30, 2007.

18 2. \$5,000,000 is appropriated from the state general fund in fiscal
19 year 2006-2007 to the arts endowment fund.

20 E. If the actual state general fund revenue from fiscal year 2006-2007
21 as determined pursuant to subsections C and D of this section did not exceed
22 the forecast by \$22,000,000 or more, on or before July 31, 2007, the staff
23 director of the joint legislative budget committee and the governor's office
24 of strategic planning and budgeting shall jointly notify the governor, the
25 president of the senate, the speaker of the house of representatives and the
26 director of the legislative council whether the total fiscal year 2006-2007
27 state general fund revenue, excluding the beginning balance, exceeded the
28 fiscal year 2006-2007 forecast, and, if so, the total revenue amount and the
29 amount above the forecast.

30 F. If, as determined by the staff director of the joint legislative
31 budget committee and the governor's office of strategic planning and
32 budgeting pursuant to subsection E of this section, the actual state general
33 fund revenue from fiscal year 2006-2007 exceeds the forecast by \$22,000,000
34 or more:

35 1. Section 42-5029, Arizona Revised Statutes, as amended by section 6
36 of this act is effective from and after June 30, 2007.

37 2. \$5,000,000 is appropriated from the state general fund in fiscal
38 year 2006-2007 to the arts endowment fund.