

PROPOSED AMENDMENT
SENATE AMENDMENTS TO S.B. 1036
(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 4-112, Arizona Revised Statutes, is amended to
3 read:

4 4-112. Powers and duties of board and director of department of
5 liquor licenses and control; investigations; county and
6 municipal regulation

7 A. The board shall:

8 1. Grant and deny applications in accordance with the provisions of
9 this title.

10 2. Adopt rules in order to carry out the provisions of this section.

11 3. Hear appeals and hold hearings as provided in this section.

12 B. Except as provided in subsection A of this section, the director
13 shall administer the provisions of this title, including:

14 1. Adopting rules:

15 (a) For carrying out the provisions of this title.

16 (b) For the proper conduct of the business to be carried on under each
17 specific type of spirituous liquor license.

18 (c) To enable and assist state officials and political subdivisions to
19 collect taxes levied or imposed in connection with spirituous liquors.

20 (d) For the issuance and revocation of certificates of registration of
21 retail agents, including provisions governing the shipping, storage and
22 delivery of spirituous liquors by registered retail agents, the keeping of
23 records and the filing of reports by registered retail agents.

24 (e) To establish requirements for licensees under section 4-209,
25 subsection B, paragraph 12.

26 2. Employing necessary personnel and fixing their compensation.

27 3. Keeping an index record which shall be a public record open to
28 public inspection and shall contain the name and address of each licensee and
29 the name and address of any person having an interest, either legal or
30 equitable, in each license as shown by any written document, which document
31 shall be placed on file in the office of the board.

32 4. Providing the board with such supplies and personnel as may be
33 directed by the board.

34 5. Responding in writing to any law enforcement agency that submits an
35 investigative report to the department relating to a violation of this title,
36 setting forth what action, if any, the department has taken or intends to
37 take on the report and, if the report lacks sufficient information or is
38 otherwise defective for use by the department, what the agency must do to
39 remedy the report.

40 6. Taking such steps as are necessary to maintain effective liaison
41 with the department of public safety and all local law enforcement agencies

1 in the enforcement of this title including the laws of this state against the
2 consumption of spirituous liquor by persons under the legal drinking age.

3 7. Providing training to law enforcement agencies in the proper
4 investigation and reporting of violations of this title.

5 C. THE DIRECTOR SHALL INVESTIGATE AND ENFORCE COMPLIANCE WITH LAWS
6 REGARDING THE SALE OF CIGARETTES, CIGARS AND OTHER TOBACCO PRODUCTS THAT ARE
7 SUBJECT TO TAXATION UNDER TITLE 42, CHAPTER 3 AND SHALL ADOPT RULES THAT ARE
8 NECESSARY TO ACCOMPLISH THAT RESPONSIBILITY.

9 ~~E.~~ D. The director shall establish within the department a separate
10 investigations unit which has as its sole responsibility the investigation of
11 compliance with this title AND TITLE 42, CHAPTER 3 including the
12 investigation of licensees alleged to have sold or distributed spirituous
13 liquor in any form AND CIGARETTES, CIGARS AND OTHER TOBACCO PRODUCTS to
14 persons under the legal drinking age AND THE LEGAL AGE FOR POSSESSING OR
15 USING CIGARETTES, CIGARS AND OTHER TOBACCO PRODUCTS. Investigations
16 conducted by this unit may include covert undercover investigations.

17 ~~D.~~ E. All employees of the department of liquor licenses and control,
18 except members of the state liquor board and the director of the department,
19 shall be employed by the department in the manner prescribed by the
20 department of administration.

21 ~~E.~~ F. The director may enter into a contract or agreement with any
22 public agency for any joint or cooperative action as provided for by title
23 11, chapter 7, article 3.

24 ~~F.~~ G. The board or the director may take evidence, administer oaths
25 or affirmations, issue subpoenas requiring attendance and testimony of
26 witnesses, cause depositions to be taken and require by subpoena duces tecum
27 the production of books, papers and other documents which are necessary for
28 the enforcement of this title. Proceedings held during the course of a
29 confidential investigation are exempt from title 38, chapter 3, article
30 3.1. If a person refuses to obey a subpoena or fails to answer questions as
31 provided by this subsection, the board or the director may apply to the
32 superior court in the manner provided in section 12-2212. The board or
33 director may serve subpoenas by personal service or certified mail, return
34 receipt requested.

35 ~~G.~~ H. The director may:

36 1. Examine books, records and papers of a licensee.

37 2. Require applicants, licensees, employees who serve, sell or furnish
38 spirituous liquors to retail customers, managers and managing agents to take
39 training courses approved by the director in spirituous liquor handling and
40 spirituous liquor laws and rules. The director shall adopt rules that set
41 standards for approving training courses.

42 3. Delegate to employees of the department authority to exercise
43 powers of the director in order to administer the department.

44 4. Regulate signs that advertise a spirituous liquor product at
45 licensed retail premises.

46 5. Cause to be removed from the marketplace spirituous liquor that may
47 be contaminated.

1 6. Regulate the age and conduct of erotic entertainers at licensed
2 premises. The age limitation governing these erotic entertainers may be
3 different from other employees of the licensee.

4 7. Issue and enforce cease and desist orders against any person or
5 entity that sells beer, wine or spirituous liquor without an appropriate
6 license or permit.

7 8. Confiscate wines carrying a label including a reference to Arizona
8 or any Arizona city, town or place unless at least seventy-five per cent by
9 volume of the grapes used in making the wine were grown in this state.

10 9. Accept and expend private grants of monies, gifts and devises for
11 conducting educational programs for parents and students on the repercussions
12 of underage alcohol consumption. State general fund monies shall not be
13 expended for the purposes of this paragraph. If the director does not
14 receive sufficient monies from private sources to carry out the purposes of
15 this paragraph, the director shall not provide the educational programs
16 prescribed in this paragraph. Grant monies received pursuant to this
17 paragraph are nonlapsing and do not revert to the state general fund at the
18 close of the fiscal year.

19 ~~H.~~ I. A county or municipality may enact and enforce ordinances
20 regulating the age and conduct of erotic entertainers at licensed premises in
21 a manner at least as restrictive as rules adopted by the director.

22 Sec. 2. Section 4-210, Arizona Revised Statutes, is amended to read:

23 4-210. Grounds for revocation, suspension and refusal to renew;
24 notice; complaints; hearings

25 A. After notice and hearing, the director may suspend, revoke or
26 refuse to renew any license issued pursuant to this chapter for any of the
27 following reasons:

28 1. There occurs on the licensed premises repeated acts of violence or
29 disorderly conduct.

30 2. The licensee fails to satisfactorily maintain the capability,
31 qualifications and reliability requirements of an applicant for a license
32 prescribed in section 4-202 or 4-203.

33 3. The licensee or controlling person knowingly files with the
34 department an application or other document which contains material
35 information which is false or misleading or while under oath knowingly gives
36 testimony in an investigation or other proceeding under this title which is
37 false or misleading.

38 4. The licensee or controlling person is on the premises habitually
39 intoxicated.

40 5. The licensed business is delinquent for more than ninety days in
41 the payment of taxes, penalties or interest to the state or to any political
42 subdivision of the state.

43 6. The licensee or controlling person obtains, assigns, transfers or
44 sells a spirituous liquor license without compliance with this title or
45 leases or subleases a license.

46 7. The licensee fails to keep for two years and make available to the
47 department upon reasonable request all invoices, records, bills or other
48 papers and documents relating to the purchase, sale and delivery of
49 spirituous liquors and, in the case of a restaurant or hotel-motel licensee,

1 all invoices, records, bills or other papers and documents relating to the
2 purchase, sale and delivery of food.

3 8. The licensee or controlling person is convicted of a felony
4 provided that for a conviction of a corporation to serve as a reason for any
5 action by the director, conduct which constitutes the corporate offense and
6 was the basis for the felony conviction must have been engaged in,
7 authorized, solicited, commanded or recklessly tolerated by the directors of
8 the corporation or by a high managerial agent acting within the scope of
9 employment.

10 9. The licensee or controlling person violates or fails to comply with
11 this title, any rule adopted pursuant to this title or any liquor law of this
12 state or any other state.

13 10. The licensee fails to take reasonable steps to protect the safety
14 of a customer of the licensee entering, leaving or remaining on the licensed
15 premises when the licensee knew or reasonably should have known of the danger
16 to such person, or the licensee fails to take reasonable steps to intervene
17 by notifying law enforcement officials or otherwise to prevent or break up an
18 act of violence or an altercation occurring on the licensed premises or
19 immediately adjacent to the premises when the licensee knew or reasonably
20 should have known of such acts of violence or altercations.

21 11. The licensee or controlling person lacks good moral character.

22 12. The licensee or controlling person knowingly associates with a
23 person who has engaged in racketeering, as defined in section 13-2301, or has
24 been convicted of a felony, and the association is of such a nature as to
25 create a reasonable risk that the licensee will fail to conform to the
26 requirements of this title or of any criminal statute of this state.

27 B. For the purposes of:

28 1. Subsection A, paragraph 8 of this section, "high managerial agent"
29 means an officer of a corporation or any other agent of the corporation in a
30 position of comparable authority with respect to the formulation of corporate
31 policy.

32 2. Subsection A, paragraphs 9 and 10 of this section, acts or
33 omissions of an employee of a licensee, which violate any provision of this
34 title or rules adopted pursuant to this title shall be deemed to be acts or
35 omissions of the licensee. Acts or omissions by an employee or licensee
36 committed during the time the licensed premises were operated pursuant to an
37 interim permit or without a license may be charged as if they had been
38 committed during the period the premises were duly licensed.

39 C. The director may suspend, revoke or refuse to issue, transfer or
40 renew a license under this section based solely on the unrelated conduct or
41 fitness of any officer, director, managing agent or other controlling person
42 if the controlling person retains any interest in or control of the licensee
43 after sixty days following written notice to the licensee. If the
44 controlling person holds stock in a corporate licensee or is a partner in a
45 partnership licensee, the controlling person may only divest himself of his
46 interest by transferring the interest to the existing stockholders or
47 partners who must demonstrate to the department that they meet all the
48 requirements for licensure. For the purposes of this subsection, the conduct

1 or fitness of a controlling person is unrelated if it would not be
2 attributable to the licensee.

3 D. If the director finds, based on clear and convincing evidence in
4 the record, that a violation involves the use by the licensee of a
5 drive-through or other physical feature of the licensed premises that allows
6 a customer to purchase spirituous liquor without leaving the customer's
7 vehicle and that the use of that drive-through or other physical feature
8 caused the violation, the director may suspend or terminate the licensee's
9 use of the drive-through or other physical feature for the sale of spirituous
10 liquor, in addition to any other sanction.

11 E. The director may refuse to transfer any license or issue a new
12 license at the same location if the director has filed a complaint against
13 the license or location which has not been resolved alleging a violation of
14 any of the grounds set forth in subsection A of this section until such time
15 as the complaint has been finally adjudicated.

16 F. The director shall receive all complaints of alleged violations of
17 this chapter and is responsible for the investigation of all allegations of a
18 violation of, or noncompliance with, this title, any rule adopted pursuant to
19 this title or any condition imposed upon the licensee by the license. When
20 the director receives three such complaints from any law enforcement agency
21 resulting from three separate incidents at a licensed establishment within a
22 twelve-month period, the director shall transmit a written report to the
23 board setting forth the complaints, the results of any investigation
24 conducted by the law enforcement agency or the department relating to the
25 complaints and a history of all prior complaints against the license and
26 their disposition. The board shall review the report and may direct the
27 director to conduct further investigation of a complaint or to serve a
28 licensee with a complaint and notice of a hearing pursuant to subsection G of
29 this section.

30 G. Upon the director's initiation of an investigation or upon the
31 receipt of a complaint and an investigation of the complaint as deemed
32 necessary, the director may cause a complaint and notice of a hearing to be
33 directed to the licensee setting forth the violations alleged against the
34 licensee and directing the licensee, within fifteen days after service of the
35 complaint and notice of a hearing, to appear by filing with the director an
36 answer to the complaint. Failure of the licensee to answer may be deemed an
37 admission by the licensee of commission of the act charged in the complaint.
38 The director may then vacate the hearing and impose any sanction provided by
39 this article. The director may waive any sanction for good cause shown
40 including excusable neglect. With respect to any violation of this title or
41 any rule adopted pursuant to this title that is based on the act or omission
42 of a licensee's employee, the director shall consider evidence of mitigation
43 presented by the licensee and established by a preponderance of the evidence
44 that the employee acted intentionally and in violation of the express
45 direction or policy adopted by the licensee and communicated to the employee
46 and that the employee successfully completed training in a course approved by
47 the director pursuant to section 4-112, subsection ~~G~~ H, paragraph 2. The
48 director may set the hearing before himself or an administrative law judge on
49 any of the grounds set forth in subsection A of this section. Instead of

1 issuing a complaint, the director may provide for informal disposition of the
2 matter by consent agreement or may issue a written warning to the licensee.
3 If a warning is issued, the licensee may reply in writing and the director
4 shall keep a record of the warning and the reply.

5 H. A hearing shall conform to the requirements of title 41, chapter 6,
6 article 10. At the hearing an attorney or corporate officer or employee of a
7 corporation may represent the corporation.

8 I. The expiration, cancellation, revocation, reversion, surrender,
9 acceptance of surrender or termination in any other manner of a license does
10 not prevent the initiation or completion of a disciplinary proceeding
11 pursuant to this section against the licensee or license. An order issued
12 pursuant to a disciplinary proceeding against a license is enforceable
13 against other licenses or subsequent licenses in which the licensee or
14 controlling person of the license has a controlling interest.

15 J. The department shall provide the same notice as is provided to the
16 licensee to a lienholder, which has provided a document under section 4-112,
17 subsection B, paragraph 3, of all disciplinary or compliance action with
18 respect to a license issued pursuant to this title. The state shall not be
19 liable for damages for any failure to provide any notice pursuant to this
20 subsection.

21 K. In any disciplinary action pursuant to this title, a lienholder may
22 participate in the determination of the action. The director shall consider
23 mitigation on behalf of the lienholder if the lienholder proves all of the
24 following by a preponderance of the evidence:

25 1. That the lienholder's interest is a bona fide security interest.
26 For the purposes of this paragraph, "bona fide security interest" means the
27 lienholder provides actual consideration to the licensee or the licensee's
28 predecessor in interest in exchange for the lienholder's interest. Bona fide
29 security interest includes a lien taken by the seller of a license as
30 security for the seller's receipt of all or part of the purchase price of the
31 license.

32 2. That a statement of legal or equitable interest was filed with the
33 department before the alleged conduct occurred which is the basis for the
34 action against the license.

35 3. That the lienholder took reasonable steps to correct the licensee's
36 prior actions, if any, or initiated an action pursuant to available contract
37 rights against the licensee for the forfeiture of the license after being
38 provided with notice by the department of disciplinary action as provided in
39 subsection J of this section.

40 4. That the lienholder was free of responsibility for the conduct
41 which is the basis for the proposed revocation.

42 5. That the lienholder reasonably attempted to remain informed by the
43 licensee about the business' conduct.

44 L. If the director decides not to revoke the license based on the
45 circumstances provided in subsection K of this section, the director may
46 issue an order requiring either, or both, of the following:

47 1. The forfeiture of all interest of the licensee in the license.
48 2. The lienholder to pay any civil monetary penalty imposed on the
49 licensee.

1 M. If any on-sale licensee proposes to provide large capacity
2 entertainment events or sporting events with an attendance capacity exceeding
3 a limit established by the director, the director may request a security plan
4 from the licensee that may include trained security officers, lighting and
5 other requirements. This subsection exclusively prescribes the security
6 requirements for a licensee and does not create any civil liability for the
7 state, its agencies, agents or employees or a person licensed under this
8 title or agents or employees of a licensee.

9 Sec. 3. Section 4-210.02, Arizona Revised Statutes, is amended to
10 read:

11 4-210.02. Appeals from director

12 A. Except as provided in section 4-203.01, subsection E, a decision
13 issued by the director is not final for purposes of appeal to superior court
14 until it has first been appealed to and ruled on by the board. Any aggrieved
15 party may appeal any final decision of the director regarding applicants or
16 licensees to the board based on a contention that the decision was any of the
17 following:

- 18 1. Founded on or contained errors of law which shall specifically
19 include errors of construction or application of any relevant rules.
- 20 2. Unsupported by any competent evidence as disclosed by the entire
21 record.
- 22 3. Materially affected by unlawful procedures.
- 23 4. Based on a violation of any constitutional provision.
- 24 5. Arbitrary or capricious.

25 B. The aggrieved party shall file the appeal in writing with the
26 department within fifteen days after service of the notice of the decision of
27 the director. The decision of the director is suspended until the
28 determination of any appeal by the board.

29 C. The board or an administrative law judge shall conduct a hearing on
30 the appeal pursuant to title 41, chapter 6, article 10 and may accept any
31 relevant and material evidence and testimony and exercise the rights
32 prescribed by section 12-2212 or section 4-112, subsection ~~F~~ G. At the
33 hearing an attorney or corporate officer or employee of a corporation may
34 represent the corporation. The department shall prepare an official record
35 of the hearing, including all testimony recorded mechanically or
36 stenographically and all exhibits introduced. The department is not required
37 to transcribe such record except pursuant to an appeal to the superior court,
38 except that, upon written request and receipt of a reasonable fee for
39 transcribing such record, the department may transcribe the record or allow
40 for its transcription by the person requesting.

41 D. The board may affirm, reverse or modify any decision issued by the
42 director.

43 Sec. 4. Section 5-113, Arizona Revised Statutes, is amended to read:

44 5-113. Disposition of revenues and monies; funds; committee

45 A. All revenues derived from permittees, permits and licenses, ~~as~~
46 provided by this article, ~~and all monies transferred pursuant to section~~
47 ~~44-313, subsection A~~ shall be deposited, pursuant to sections 35-146 and
48 35-147, ~~or distributed as follows~~ IN THE STATE GENERAL FUND. ~~±~~

1 ~~1. One million two hundred thousand dollars or twenty-two per cent,~~
2 ~~whichever is less, shall be deposited in the Arizona county fairs racing~~
3 ~~betterment fund established by subsection B of this section.~~

4 ~~2. One million eight hundred thousand dollars or thirty-three per~~
5 ~~cent, whichever is less, shall be deposited in the county fairs livestock and~~
6 ~~agriculture promotion fund established by subsection C of this section.~~

7 ~~3. One million two hundred thousand dollars or twenty-two per cent,~~
8 ~~whichever is less, shall be deposited in the Arizona breeders' award fund~~
9 ~~established by subsection F of this section.~~

10 ~~4. Sixty thousand dollars or one per cent, whichever is less, shall be~~
11 ~~deposited in the Arizona stallion award fund established by subsection G of~~
12 ~~this section.~~

13 ~~5. Four hundred fifty thousand dollars or nine per cent, whichever is~~
14 ~~less, shall be deposited in the county fair racing fund established by~~
15 ~~subsection I of this section.~~

16 ~~6. One per cent of the revenues and monies shall be deposited in the~~
17 ~~agricultural consulting and training fund established by subsection J of this~~
18 ~~section.~~

19 ~~7. Sixty seven thousand dollars or one per cent, whichever is less,~~
20 ~~shall be subject to legislative appropriation to the department for~~
21 ~~administration of the Arizona county fairs racing betterment fund, the~~
22 ~~Arizona breeders' award fund, the Arizona stallion award fund and the~~
23 ~~greyhound adoption fund. Monies that are distributed pursuant to this~~
24 ~~paragraph and that remain unspent at the end of a fiscal year do not revert~~
25 ~~to the state general fund.~~

26 ~~8. Four hundred thousand dollars or eleven per cent, whichever is~~
27 ~~less, shall be deposited in the Arizona exposition and state fair fund~~
28 ~~established by section 3-1005 for the purpose of capital outlay.~~

29 ~~9. Any revenues and monies that are not distributed pursuant to~~
30 ~~paragraphs 1 through 8 of this subsection at the end of a fiscal year shall~~
31 ~~be deposited in the state general fund.~~

32 B. The Arizona county fairs racing betterment fund is established
33 under the jurisdiction of the department. The department shall distribute
34 monies from the fund to the county fair association or county fair racing
35 association of each county conducting a county fair racing meeting in such
36 proportion as the department deems necessary for the promotion and betterment
37 of county fair racing meetings. All expenditures from the fund shall be made
38 upon claims approved by the department. In order to be eligible for
39 distributions from the fund, a county fair association must provide the
40 department with an annual certification in the form required by the
41 department supporting expenditures made from the fund. Balances remaining in
42 the fund at the end of a fiscal year do not revert to the state general fund.

43 C. The county fairs livestock and agriculture promotion fund is
44 established under the control of the governor and shall be used for the
45 purpose of promoting the livestock and agricultural resources of the state
46 and for the purpose of conducting an annual Arizona national livestock fair
47 by the Arizona exposition and state fair board to further promote livestock
48 resources. The direct expenses less receipts of the livestock fair shall be
49 paid from this fund, but such payment shall not exceed thirty per cent of the

1 receipts of the fund for the preceding fiscal year. Balances remaining in
2 the fund at the end of a fiscal year do not revert to the state general fund.
3 All expenditures from the fund shall be made upon claims approved by the
4 governor, as recommended by the livestock and agriculture committee, for the
5 promotion and betterment of the livestock and agricultural resources of this
6 state. The livestock and agriculture committee is established and shall be
7 composed of the following members, at least three of whom are from counties
8 that have a population of less than five hundred thousand persons, appointed
9 by the governor:

- 10 1. Three members representing county fairs.
- 11 2. One member representing Arizona livestock fairs.
- 12 3. One member representing the university of Arizona college of
13 agriculture.
- 14 4. One member representing the livestock industry.
- 15 5. One member representing the farming industry.
- 16 6. One member representing the governor's office.
- 17 7. One member representing the Arizona state fair conducted by the
18 Arizona exposition and state fair board.
- 19 8. One member representing the general public.

20 D. The governor shall appoint a chairman from the members. Terms of
21 members shall be four years.

22 E. Members of the committee are not eligible to receive compensation
23 but are eligible to receive reimbursement for expenses pursuant to title 38,
24 chapter 4, article 2.

25 F. The Arizona breeders' award fund is established under the
26 jurisdiction of the department. The department shall distribute monies from
27 the fund to the breeder, or the breeder's heirs, devisees or successors, of
28 every winning horse or greyhound foaled or whelped in this state, as defined
29 by section 5-114, in a manner and in an amount established by rules of the
30 commission to protect the integrity of the racing industry and promote,
31 improve and advance the quality of race horse and greyhound breeding within
32 this state. The department may contract with a breeders' association to
33 provide data, statistics and other information necessary to enable the
34 department to carry out the purposes of this subsection. Persons who are not
35 eligible to be licensed under section 5-107.01 or persons who have been
36 refused licenses under section 5-108 are not eligible to participate in the
37 Arizona greyhound breeders' award fund. Balances remaining in the fund at
38 the end of a fiscal year do not revert to the state general fund. For the
39 purposes of this subsection, "breeder" means the owner or lessee of the dam
40 of the animal at the time the animal was foaled or whelped.

41 G. The Arizona stallion award fund is established under the
42 jurisdiction of the department to promote, improve and advance the quality of
43 stallions in this state. The department shall distribute monies from the
44 fund to the owner or lessee, or the owner's or lessee's heirs, devisees or
45 successors, of every Arizona stallion whose certified Arizona bred offspring,
46 as prescribed in section 5-114, finishes first, second or third in an
47 eligible race in this state. The department may contract with a breeders'
48 association to provide data, statistics and other information necessary to
49 enable the department to carry out the purposes of this subsection. Balances

1 remaining in the fund at the end of a fiscal year do not revert to the state
2 general fund. The commission shall adopt rules pursuant to title 41, chapter
3 6 to carry out the purposes of this subsection. The rules shall prescribe at
4 a minimum:

5 1. The manner and procedure for distribution from the fund, including
6 eligibility requirements for owners and lessees.

7 2. Subject to availability of monies in the fund, the amount to be
8 awarded.

9 3. The requirements for a stallion registered with the jockey club,
10 Lexington, Kentucky or with the American quarter horse association, Amarillo,
11 Texas to be certified as an Arizona stallion.

12 4. The types and requirements of races for which an award may be made.

13 H. The greyhound and retired racehorse adoption fund is established.
14 The department shall administer the fund and maintain separate accounts for
15 greyhound adoptions and retired racehorse adoptions. All revenues derived
16 from license fees collected from dog breeders, racing kennels and other
17 operations pursuant to section 5-104, subsection F, paragraphs 7, 8 and 9
18 shall be deposited, pursuant to sections 35-146 and 35-147, in the greyhound
19 adoption account of the fund. All revenues derived from retired racehorse
20 adoption surcharges collected pursuant to section 5-104, subsection G shall
21 be deposited, pursuant to sections 35-146 and 35-147, in the retired
22 racehorse adoption account of the fund. The department shall distribute
23 monies from the fund to provide financial assistance to nonprofit enterprises
24 approved by the commission to promote the adoption of former racing
25 greyhounds as domestic pets and to promote the adoption of retired racehorses
26 pursuant to section 5-104, subsection G in a manner and in an amount
27 established by rules of the commission. Balances remaining in the fund at
28 the end of a fiscal year do not revert to the state general fund.

29 I. The county fair racing fund is established. The department shall
30 administer the fund. ~~Subject to legislative appropriation,~~ The department
31 shall use fund monies for the administration of county fair racing. Any
32 monies remaining unexpended in the fund at the end of the fiscal year in
33 excess of seventy-five thousand dollars shall revert to the state general
34 fund.

35 J. The agricultural consulting and training fund is established. The
36 Arizona department of agriculture shall administer the fund. ~~Subject to~~
37 ~~legislative appropriation,~~ The Arizona department of agriculture shall use
38 monies in the fund for the agricultural consulting and training program
39 established by section 3-109.01. Balances remaining in the fund at the end
40 of a fiscal year do not revert to the state general fund.

41 Sec. 5. Section 5-518, Arizona Revised Statutes, is amended to read:

42 5-518. Disposition of unclaimed prize money

43 Unclaimed prize money for the prize on a winning ticket or share shall
44 be retained for the person entitled to the prize for one hundred eighty days
45 after the drawing in which the prize was won in the case of a drawing prize
46 and for one hundred eighty days after the announced end of the game in
47 question in the case of a prize determined in any manner other than by means
48 of a drawing. If a claim is not made for the money within the applicable
49 period, seventy per cent of the prize money shall be held in the state

1 lottery prize fund for use as additional prizes in future games and thirty
2 per cent shall be transferred monthly to the ~~court-appointed special advocate~~
3 ~~fund established by section 8-524~~ STATE GENERAL FUND.

4 Sec. 6. Section 5-522, Arizona Revised Statutes, is amended to read:
5 5-522. Use of monies in state lottery fund; report

6 A. The monies in the state lottery fund shall be expended only for the
7 following purposes and in the order provided:

8 1. For the expenses of the commission incurred in carrying out its
9 powers and duties and in the operation of the lottery.

10 2. For payment to the commerce and economic development commission
11 fund established by section 41-1505.10 of not less than twenty-one and
12 one-half per cent of the revenues received from the sale of two special
13 lottery games conducted for the benefit of economic development.

14 3. Except as provided in subsection F of this section, for payment to
15 the local transportation assistance fund established by section 28-8101 of
16 not less than nine million dollars, increasing each year that total revenues
17 to the state lottery fund increase up to a maximum of eighteen million
18 dollars each fiscal year, except that payments pursuant to this paragraph
19 shall not increase by more than ten per cent per year.

20 B. Of the monies remaining in the state lottery fund after the
21 appropriations authorized in subsection A of this section, up to a maximum of
22 twenty-three million dollars each fiscal year shall be deposited in the local
23 transportation assistance fund established by section 28-8101 and up to a
24 maximum of seven million six hundred fifty thousand dollars each fiscal year
25 shall be deposited in the county assistance fund established by section
26 41-175. Monies distributed pursuant to this subsection shall be in addition
27 to monies distributed pursuant to subsection A, paragraph 3 of this section.

28 C. Notwithstanding subsection B of this section, if the state lottery
29 director determines at the beginning of any fiscal year that monies available
30 to cities, towns and counties under this section may not equal thirty million
31 six hundred fifty thousand dollars, the director shall not authorize deposits
32 to the county assistance fund until the deposits to the local transportation
33 assistance fund equal twenty-three million dollars.

34 D. Of the monies remaining in the state lottery fund each fiscal year
35 after appropriations and deposits authorized in subsections A, B and C of
36 this section, ten million dollars shall be deposited in the Arizona state
37 parks board heritage fund established by section 41-502 and ten million
38 dollars shall be deposited in the Arizona game and fish commission heritage
39 fund established by section 17-297.

40 E. Of the monies remaining in the state lottery fund each fiscal year
41 after appropriations and deposits authorized in subsections A, B, C and D of
42 this section, and appropriations and deposits to the local transportation
43 assistance fund authorized by this section, five million dollars shall be
44 allocated to the department of economic security for the healthy families
45 program established by section 8-701, four million dollars shall be allocated
46 to the Arizona board of regents for the Arizona area health education system
47 established by section 15-1643, three million dollars shall be allocated to
48 the department of health services to fund the teenage pregnancy prevention
49 programs established in Laws 1995, chapter 190, sections 2 and 3, two million

1 dollars shall be allocated to the department of health services for the
2 health start program established by section 36-697, two million dollars shall
3 be deposited in the disease control research fund established by section
4 36-274 and one million dollars shall be allocated to the department of health
5 services for the federal women, infants and children food program. The
6 allocations in this subsection shall be adjusted annually according to
7 changes in the GDP price deflator as defined in section 41-563 and the
8 allocations are exempt from the provisions of section 35-190, relating to
9 lapsing of appropriations. If there are not sufficient monies available
10 pursuant to this subsection, the allocation of monies for each program shall
11 be reduced on a pro rata basis.

12 F. Notwithstanding subsection A, paragraph 3 of this section, if the
13 state lottery director determines that monies available to the state general
14 fund may not equal thirty-one million dollars in a fiscal year, the director
15 shall not authorize deposits to the local transportation assistance fund
16 pursuant to subsection A, paragraph 3 of this section until the deposits to
17 the state general fund equal thirty-one million dollars in a fiscal year.

18 G. Of the monies remaining in the state lottery fund each fiscal year
19 after appropriations and deposits authorized in subsections A through F of
20 this section, one million dollars or the remaining balance in the fund,
21 whichever is less, is appropriated to the department of economic security for
22 grants to nonprofit organizations, including faith based organizations, for
23 homeless emergency and transitional shelters and related support services.
24 The department of economic security shall submit a report on the amounts,
25 recipients, purposes and results of each grant to the governor, the speaker
26 of the house of representatives and the president of the senate on or before
27 December 31 of each year for the prior fiscal year and shall provide a copy
28 of this report to the secretary of state and the director of the Arizona
29 state library, archives and public records.

30 H. Beginning in fiscal year 2009-2010, of the monies remaining in the
31 state lottery fund each fiscal year after appropriations and deposits
32 authorized in subsections A through G of this section, and after a total of
33 at least ~~forty-six million four hundred ninety thousand~~ FIFTY-SEVEN MILLION
34 dollars has been deposited in the state general fund, the remaining balance
35 in the state lottery fund shall be deposited in the university capital
36 improvement lease-to-own and bond fund established by section 15-1682.03, up
37 to a maximum of eighty per cent of the total annual payments of lease-to-own
38 and bond agreements entered into by the Arizona board of regents.

39 ~~I. Beginning in fiscal year 2009-2010, of the monies remaining in the~~
40 ~~state lottery fund each fiscal year after appropriations and deposits~~
41 ~~authorized in subsections A through H of this section, ten million dollars or~~
42 ~~the remaining balance in the fund, whichever is less, is appropriated to the~~
43 ~~department of environmental quality's water supply development fund line~~
44 ~~item.~~

45 ~~J. Beginning in fiscal year 2009-2010, of the monies remaining in the~~
46 ~~state lottery fund each fiscal year after appropriations and deposits~~
47 ~~authorized in subsections A through I of this section, three million dollars~~
48 ~~or the remaining balance in the fund, whichever is less, is appropriated to~~
49 ~~the community protection initiative fund established by section 37-641.~~

1 ~~K.~~ I. All monies remaining in the state lottery fund after the
2 appropriations and deposits authorized in this section shall be deposited in
3 the state general fund.

4 ~~L.~~ J. Except for monies expended for prizes as provided in section
5 5-504, subsection G and section 41-1505.10, monies expended under subsection
6 A of this section are subject to legislative appropriation.

7 Sec. 7. Section 8-524, Arizona Revised Statutes, is amended to read:

8 8-524. Special advocate fund

9 A. The court appointed special advocate fund is established consisting
10 of monies ~~received pursuant to section 5-518~~ APPROPRIATED BY THE LEGISLATURE
11 AND FROM ANY OTHER LAWFUL SOURCE. The fund is subject to annual legislative
12 appropriation. Monies appropriated ~~by the legislature from the court~~
13 ~~appointed special advocate fund for the court appointed special advocate~~
14 ~~program~~ FROM THE FUND shall be used by the supreme court to operate, improve,
15 maintain and enhance the COURT APPOINTED SPECIAL ADVOCATE program.

16 B. A court may request fund monies by submitting a program plan and
17 funding request to the supreme court pursuant to rules adopted by the court.

18 Sec. 8. Repeal

19 Section 15-994, Arizona Revised Statutes, is repealed.

20 Sec. 9. Section 28-3002, Arizona Revised Statutes, is amended to read:

21 28-3002. Fees; driver licenses; disposition

22 A. The following fees are required:

23 1. For each original or initial application or renewal application, if
24 a written examination is required, for the following:

25 (a) Class A driver license, twenty-five dollars.

26 (b) Class B driver license, twenty-five dollars.

27 (c) Class C driver license, twelve dollars fifty cents.

28 (d) Class D driver license issued pursuant to section 28-3171, ten
29 dollars.

30 (e) Class M driver license issued pursuant to section 28-3171, ten
31 dollars.

32 2. Except as provided in paragraph 1, for each original, renewal or
33 reinstatement application for a class D, G or M license:

Age	Fee
50 or older	\$10.00
45-49	\$15.00
40-44	\$20.00
39 or younger	\$25.00

34 3. For each original or initial application or renewal examination, if
35 a written application is required, for the following endorsements to a driver
36 license:
37

38 (a) Bus endorsement, ten dollars.

39 (b) Hazardous materials endorsement, ten dollars.

40 (c) Tank vehicle endorsement, ten dollars.

41 (d) Double-triple trailer endorsement, ten dollars.

42 (e) Motorcycle endorsement, seven dollars.

43 4. For taking each driving test for a:

44 (a) Class A driver license, twenty-five dollars.

45 (b) Class B driver license, twenty-five dollars.

- 1 (c) Class C driver license, twelve dollars fifty cents.
2 (d) Bus endorsement, five dollars.
3 5. For each application for an instruction permit under:
4 (a) Section 28-3154 or 28-3156, seven dollars.
5 (b) Section 28-3155, three dollars.
6 (c) Section 28-3225, class A, twenty-five dollars.
7 (d) Section 28-3225, class B, twenty-five dollars.
8 (e) Section 28-3225, class C, twelve dollars fifty cents.
9 6. For each renewal application, if a written examination is not
10 required, for a:
11 (a) Class A driver license and any endorsement, other than a hazardous
12 materials endorsement, to the license, fifteen dollars.
13 (b) Class B driver license and any endorsement, other than a hazardous
14 materials endorsement, to the license, fifteen dollars.
15 (c) Class C driver license and any endorsement, other than a hazardous
16 materials endorsement, to the license, ten dollars.
17 7. For each application for a duplicate of a driver license, ~~four~~
18 ~~dollars~~ AN AMOUNT DETERMINED BY THE DIRECTOR.
19 8. For each application for a duplicate of an instruction permit, two
20 dollars.
21 9. In addition to the fees prescribed in paragraph 2 and except as
22 provided in paragraph 11:
23 (a) For reinstatement of driving privileges after suspension or
24 disqualification, ten dollars.
25 (b) For reinstatement of driving privileges after revocation, twenty
26 dollars.
27 10. For each application for an extension by mail of a driver license,
28 five dollars.
29 11. In addition to the fees prescribed in paragraph 2, for
30 reinstatement of driving privileges that were suspended or denied pursuant to
31 section 28-1385 after completion of the suspension or revocation, fifty
32 dollars.
33 12. For vision screening tests of out-of-state drivers, five dollars.
34 13. For class D or M driver license skills tests for out-of-state
35 drivers, fifteen dollars.
36 B. Except as otherwise provided by statute, the director shall
37 immediately deposit, pursuant to sections 35-146 and 35-147, fees collected
38 under this section in the Arizona highway user revenue fund.
39 Sec. 10. Section 33-812, Arizona Revised Statutes, is amended to read:
40 33-812. Disposition of proceeds of sale
41 A. The trustee shall apply the proceeds of the trustee's sale in the
42 following order of priority:
43 1. To the costs and expenses of exercising the power of sale and the
44 sale, including the payment of the trustee's fees and reasonable attorney
45 fees actually incurred.
46 2. To the payment of the contract or contracts secured by the trust
47 deed.

1 3. To the payment of all other obligations provided in or secured by
2 the trust deed and actually paid by the beneficiary before the trustee's
3 sale.

4 4. To any condominium association or planned community association as
5 defined in ~~chapters~~ CHAPTER 9 or ~~10~~ 16 of this title ~~who~~ THAT had a
6 subordinate lien as provided by law, even if the trustee intends to deposit
7 the balance pursuant to subsection C of this section. The trustee may pay an
8 association's lien on receipt of a written claim and shall be discharged from
9 any liability for any payment made in good faith. The trustee may inquire as
10 to the existence of a lien if there is a recorded declaration on the property
11 without regard to whether a lien has been recorded. Any person who is an
12 applicant or respondent pursuant to subsection ~~G~~ H of this section may
13 require the condominium ASSOCIATION or planned community association to prove
14 its entitlement to any funds received from the trustee. An association that
15 demonstrates that the amount it received from the trustee was proper in all
16 material respects is entitled to an award of its reasonable attorney fees and
17 court costs against the applicant or respondent who contested the payment.
18 If the applicant or respondent against whom the association's award is
19 entered is entitled to excess proceeds of the sale, the award of attorney
20 fees and costs shall be payable from those excess proceeds.

21 5. To the junior lienholders or encumbrancers in order of their
22 priority as they existed at the time of the sale. After payment in full of
23 all sums due to all junior lienholders and encumbrancers as of the date of
24 the sale and excluding any postsale attorney fees, payment shall be made to
25 the trustor, except that if the trustor has sold or transferred the property
26 to another owner before the trustee's sale, payment shall be made to the
27 person who is the owner of record at the time of the trustee's sale.

28 B. After application of the proceeds pursuant to subsection A,
29 paragraphs 1, 2 and 3 of this section, if there are additional proceeds to be
30 distributed, the trustee, within fifteen days of the completion of the
31 trustee's sale, shall mail by first class mail and by certified or registered
32 mail, postage prepaid, a notice of any excess proceeds to the trustor as of
33 the date of the recording of the notice of sale. The trustee may deduct the
34 costs of mailing the notice of excess proceeds from the additional proceeds.

35 C. In the trustee's discretion and instead of any one or more of the
36 applications specified in subsection A of this section, the trustee may elect
37 to deposit the balance of the proceeds with the county treasurer in the
38 county in which the sale took place pending an order of the superior court in
39 the county. On deposit of the balance of the monies and after complying with
40 subsection D of this section, the trustee shall be discharged from all
41 responsibility for acts performed in good faith according to this chapter.
42 The county treasurer shall reject any deposit that does not comply with
43 subsection D of this section.

44 D. If the trustee elects to deposit the balance of the sale proceeds
45 as prescribed by subsection C of this section, the trustee as plaintiff shall
46 commence a civil action in the superior court in the county in which the sale
47 occurred. The action shall name the applicable county treasurer as the
48 defendant, but the county treasurer has no obligation to respond to the
49 complaint or appear in the action. The trustee shall mail by certified or

1 registered mail, with postage prepaid, a conformed copy of the complaint that
2 displays the filing stamp of the court clerk to the county treasurer and all
3 persons, other than the beneficiary, who are entitled to notice pursuant to
4 section 33-809 and to any other person known by the trustee to have an
5 interest of record in the property at the time of the sale. The trustee
6 shall incorporate in or attach to the complaint:

7 1. A copy of any one of the following:

8 (a) The trustee sale guarantee and all amendments or endorsements
9 obtained by the trustee.

10 (b) The title search used by the trustee in connection with the
11 trustee's sale of the subject property and all amendments or endorsements
12 obtained by the trustee.

13 (c) A detailed description of the liens and encumbrances used by the
14 trustee in connection with the trustee's sale of the property.

15 2. A copy of the list of the persons and each of the addresses to
16 which the complaint will be mailed.

17 3. A detailed description of any disbursements made by the trustee
18 pursuant to this section.

19 4. A narrative description of the liens and encumbrances as shown in
20 the trustee's sale guarantee, title report or detailed description, including
21 an analysis of the apparent priority of potential claimants. The trustee
22 shall not be liable for any error in the narrative description or analysis.

23 E. The trustee may withhold from the proceeds of the sale a reasonable
24 trustee's fee and reasonable attorney fees actually incurred and the costs of
25 filing the complaint, depositing the proceeds and mailing the notices.

26 F. Upon filing the complaint, the trustee as plaintiff is discharged
27 without prejudice from the proceedings.

28 G. Any person with a recorded or other legal interest in the property
29 at the time of the sale may apply for the release of the proceeds by filing
30 an application for distribution in the civil action that was filed by the
31 trustee pursuant to subsection D of this section. The applicant shall mail
32 postage prepaid by any form of mail that requires a signed and returned
33 receipt a copy of the application to the county treasurer and all persons at
34 each of the addresses named on the list of persons that is incorporated in or
35 attached to the complaint. On return of the signed receipt or the
36 undelivered or unclaimed original envelope, the applicant shall file with the
37 court an affidavit that states that the application was mailed to the person
38 and that the application was either:

39 1. Received, as evidenced by the receipt. The applicant shall attach
40 to the affidavit a copy of the receipt.

41 2. Not received, as evidenced by the returned envelope. The applicant
42 shall attach to the affidavit a copy of the original unopened and undelivered
43 or unclaimed returned envelope.

44 H. Any person who receives the application or who claims a right to
45 the proceeds may file a response to the application within thirty days of the
46 mailing of the application. The person filing a response shall mail a copy
47 of the response to each applicant. Within ten calendar days from the date
48 the response is mailed, an applicant may file with the clerk and mail to each
49 respondent a reply to the response. On expiration of the time for filing a

1 reply, an applicant shall provide the court with postage prepaid business
2 envelopes that are addressed to all persons who are entitled to receive
3 copies of the complaint pursuant to subsection D of this section. If an
4 association with a claim is not paid by the trustee pursuant to subsection A,
5 paragraph 4 of this section and is required to file an application or
6 response pursuant to this subsection in order to recover proceeds, the
7 association may request from the excess proceeds of the sale an award of its
8 reasonable attorney fees and costs incurred.

9 I. Except as provided in subsection L of this section, the court shall
10 issue an order to the county treasurer to release the proceeds deposited with
11 the county treasurer to the party entitled to receive them after applying the
12 priorities prescribed by subsection A of this section. On notice to all
13 persons who have received a copy of the complaint or who have filed a
14 responsive pleading, the court may, and if there are competing claims to the
15 proceeds, the court shall, hold a hearing to determine entitlement to the
16 proceeds. Every applicant or respondent shall acknowledge the existence of
17 any apparent lien, encumbrance or interest that could have priority over the
18 applicant or respondent. If the court finds that a person other than an
19 applicant or respondent has a superior right to receive the proceeds, the
20 court shall not issue an order on the proceeds until one hundred eighty days
21 from the date the complaint was filed. At any time before the expiration of
22 the one hundred eighty day period, an applicant or respondent may move for a
23 hearing to determine whether the claimed superior right is valid or
24 enforceable and whether the claim is entitled to receive priority over the
25 claim of the applicant or respondent. The motion shall set forth the
26 specific facts and evidence that support the applicant's or respondent's
27 position and shall be mailed to all persons who have received a copy of the
28 complaint or filed a responsive pleading. If a response is not filed within
29 the one hundred eighty day period by the person found by the court to have a
30 superior right to receive the proceeds, the court shall enter an order in
31 favor of any applicant or respondent entitled to the proceeds. On release of
32 the proceeds, the county treasurer may assess and deduct from the proceeds a
33 reasonable fee not to exceed one hundred dollars for the treasurer's costs
34 associated with the civil action.

35 J. Within ninety days after completion of the sale, the trustee shall
36 apply the proceeds of the sale pursuant to subsection A of this section or
37 shall deposit the proceeds with the treasurer pursuant to subsection C of
38 this section. If the trustee fails to comply with this subsection, the
39 trustee forfeits any entitlement to the fees and costs prescribed in
40 subsection D of this section and shall pay interest at the rate provided for
41 judgments pursuant to section 44-1201 from the date of completion of the sale
42 until the trustee complies with this subsection. Any person with a recorded
43 or other legal interest in the property at the time of the sale may commence
44 a civil action against the trustee for the trustee's failure to comply with
45 this subsection. The court may award the prevailing party its reasonable
46 attorney fees and costs incurred in that civil action.

47 K. Excess proceeds deposited with the county treasurer pursuant to
48 subsection C of this section are presumed abandoned if the monies remain with

1 the treasurer for at least ~~three~~ TWO years from the date of deposit and there
2 is no pending application for distribution.

3 L. Excess proceeds that are fifty dollars or less and that are
4 presumed abandoned under this section shall be transferred to the county
5 general fund. No further application for distribution by any applicant or
6 claim by the department of revenue may be made on these monies.

7 M. For all excess proceeds that are greater than fifty dollars and
8 that are presumed abandoned under this section, the county treasurer shall
9 submit a report to the department of revenue pursuant to section 44-307. The
10 county treasurer may assess and deduct from the proceeds a reasonable fee of
11 not more than fifty dollars for the treasurer's costs associated with
12 reporting each deposit.

13 N. The county treasurer shall be discharged from all claims and
14 responsibility for acts performed in good faith pursuant to this chapter
15 after remitting the presumed abandoned excess proceeds to the department of
16 revenue pursuant to section 44-308.

17 O. A claimant may enter into an agreement with a third party to pay
18 for the recovery of or for assistance in the recovery of excess proceeds on
19 deposit with the county treasurer. The agreement shall be in writing, signed
20 by the claimant, and the claimant's signature shall be acknowledged by a
21 notary public or other person authorized to accept an acknowledgment pursuant
22 to section 33-511. Any agreement entered into before the expiration of
23 thirty days after the date the trustee's sale was held, but not including the
24 date of the sale, is void and unenforceable. Any fee or payment provided for
25 in an agreement shall be reasonable. The fee or payment shall be presumed to
26 be unreasonable and the obligation to pay the fee or payment is unenforceable
27 if the fee or payment agreed on exceeds two thousand five hundred dollars
28 excluding attorney fees and the costs of filing the claim and providing the
29 statutorily required notices. Any person seeking a fee or payment exceeding
30 two thousand five hundred dollars may apply to the court for additional
31 compensation but the person has the burden of establishing that the
32 additional compensation is reasonable under the circumstances. This
33 subsection does not preclude a claimant from contesting the reasonableness of
34 any fee or payment that is provided for in an agreement for the recovery of
35 or for assistance in the recovery of excess proceeds.

36 Sec. 11. Section 36-771, Arizona Revised Statutes, is amended to read:
37 36-771. Tobacco tax and health care fund

38 A. The tobacco tax and health care fund is established. The fund
39 consists of all revenues deposited in the fund pursuant to sections 42-3252
40 and 42-3302 and interest earned on those monies. On notice from the
41 department OF HEALTH SERVICES, the state treasurer shall invest and divest
42 monies in the fund and in all accounts in the fund as provided by section
43 35-313, and monies earned from investment shall be credited to the fund.

44 B. The fund shall be deposited in four separate accounts and shall be
45 administered pursuant to the provisions of and for the purposes prescribed by
46 this article.

47 C. Except as provided by subsection F of this section, the fund and
48 its accounts are not subject to appropriation. Expenditures from each

1 account are not subject to additional approval, notwithstanding any statutory
2 provision to the contrary.

3 D. Monies in the fund and its accounts:

4 1. Do not revert to the state general fund under any circumstances.

5 2. Are exempt from the provisions of section 35-190 relating to
6 lapsing of appropriations.

7 E. Monies in the fund:

8 1. Shall be spent only for purposes that are authorized by this
9 article.

10 2. Shall not be used for expenditures on capital construction
11 projects, lobbying activities involving elected officials or political
12 campaigns for individuals or any ballot proposal.

13 F. Notwithstanding any other provision of this section, the
14 legislature may appropriate monies from the fund to the department of revenue
15 for the reasonable administration ~~and enforcement~~ costs of the department in
16 administering the levy ~~AND COLLECTION~~ of taxes that are dedicated to the fund
17 pursuant to section 42-3252. ~~THE LEGISLATURE MAY APPROPRIATE MONIES FROM THE~~
18 ~~FUND TO THE DEPARTMENT OF LIQUOR LICENSES AND CONTROL FOR THE REASONABLE~~
19 ~~ENFORCEMENT COSTS OF THE DEPARTMENT IN ENFORCING COMPLIANCE WITH LAWS~~
20 ~~REGARDING THE SALE OF CIGARETTES, CIGARS AND OTHER TOBACCO PRODUCTS THAT ARE~~
21 ~~SUBJECT TO TAXATION UNDER TITLE 42, CHAPTER 3.~~ The ~~appropriation~~
22 ~~APPROPRIATIONS~~ shall be applied before monies are deposited in the fund
23 accounts. Any unused monies at the end of the fiscal year revert to the
24 fund.

25 Sec. 12. Section 41-1276, Arizona Revised Statutes, is amended to
26 read:

27 41-1276. Truth in taxation levy for equalization assistance to
28 school districts

29 A. On or before February 15 of each year, the joint legislative budget
30 committee shall compute and transmit the truth in taxation rates for
31 equalization assistance for school districts for the following fiscal year
32 to:

33 1. The chairmen of the house of representatives ways and means
34 committee and the senate finance committee or their successor committees.

35 2. The chairmen of the appropriations committees of the senate and the
36 house of representatives or their successor committees.

37 B. The truth in taxation rates consist of the qualifying tax rate for
38 a high school district or a common school district within a high school
39 district that does not offer instruction in high school subjects pursuant to
40 section 15-971, subsection B, paragraph 1, ~~AND~~ a qualifying tax rate for a
41 unified district, a common school district not within a high school district
42 or a common school district within a high school district that offers
43 instruction in high school subjects pursuant to section 15-971, subsection B,
44 paragraph 2 ~~and a state equalization assistance property tax rate pursuant to~~
45 ~~section 15-994~~ that will offset the change in net assessed valuation of
46 property that was subject to tax in the prior year.

47 C. The joint legislative budget committee shall compute the truth in
48 taxation rates as follows:

1 The proposed tax increase will cause the taxes on a
2 \$100,000 home to increase by \$_____.

3 All interested citizens are invited to attend a public
4 hearing on the tax increase that is scheduled to be held
5 _____ (date and time) at _____ (location).

6 (e) For purposes of computing the tax increase on a one hundred
7 thousand dollar home as required by the notice, the joint meeting of the
8 house of representatives ways and means committee and the senate finance
9 committee or their successor committees shall consider the difference between
10 the truth in taxation rate and the proposed increased rate.

11 2. The joint meeting of the house of representatives ways and means
12 committee and the senate finance committee or their successor committees
13 shall consider any motion to recommend the proposed tax rates to the full
14 legislature by roll call vote.

15 F. In addition to publishing the truth in taxation notice under
16 subsection E, paragraph 1 of this section, the joint meeting of the house of
17 representatives ways and means committee and the senate finance committee or
18 their successor committees shall issue a press release containing the truth
19 in taxation notice.

20 G. Notwithstanding any other law, the legislature shall not adopt a
21 state budget that provides for ~~either~~ qualifying tax rates pursuant to
22 section 15-971 ~~or a state equalization assistance property tax rate pursuant~~
23 ~~to section 15-994~~ that ~~exceeds~~ EXCEED the truth in taxation rates computed
24 pursuant to subsection A of this section unless the rates are adopted by a
25 concurrent resolution approved by an affirmative roll call vote of two-thirds
26 of the members of each house of the legislature before the legislature enacts
27 the general appropriations bill. If the resolution is not approved by
28 two-thirds of the members of each house of the legislature, the rates for the
29 following fiscal year shall be the truth in taxation rates determined
30 pursuant to subsection C of this section and shall be transmitted to the
31 superintendent of public instruction and the county boards of supervisors.

32 H. Notwithstanding subsection C of this section and if approved by the
33 qualified electors voting at a statewide general election, the legislature
34 shall not set a qualifying tax rate that exceeds \$2.1265 for a common or high
35 school district or \$4.253 for a unified school district. The legislature
36 shall not set a county equalization assistance for education rate that
37 exceeds \$0.5123.

38 I. Pursuant to subsection C of this section, the qualifying tax rate
39 in tax year ~~2008~~ 2009 for a high school district or a common school district
40 within a high school district that does not offer instruction in high school
41 subjects as provided in section 15-447 is ~~\$1.4622~~ \$1.3726 and for a unified
42 school district, a common school district not within a high school district
43 or a common school district within a high school district that offers
44 instruction in high school subjects as provided in section 15-447 is ~~\$2.9244~~
45 \$2.7452. ~~The state equalization assistance property tax rate in tax years~~
46 ~~2006, 2007 and 2008 is zero. The state equalization assistance property tax~~
47 ~~rate in tax year 2009 shall be computed by annually adjusting the tax year~~
48 ~~2005 rate of \$0.4358 as provided by this section through tax year 2009.~~

1 Sec. 13. Section 41-3506, Arizona Revised Statutes, is amended to
2 read:

3 41-3506. State web portal fund; exemption

4 A. The state web portal fund is established and is subject to
5 legislative appropriation. The government information technology agency
6 shall administer the fund. The state web portal fund shall consist of:

7 1. Monies appropriated to the fund by the legislature.

8 2. Any web portal usage fees collected under any agreement between
9 this state and an independent contractor providing services for the common
10 web portal ~~less the contractor's price of maintaining and operating the web~~
11 ~~portal.~~

12 3. Monies received from private grants or donations if designated for
13 the fund by the grantor or donor.

14 4. Monies received from the federal government by grant or otherwise
15 to assist this state in providing any common web portal projects.

16 B. Monies in the state web portal fund may be used for improving or
17 expanding this state's information technology services and projects,
18 including the common web portal.

19 C. Monies in the state web portal fund are exempt from the provisions
20 of section 35-190 relating to lapsing of appropriations.

21 Sec. 14. Section 42-2003, Arizona Revised Statutes, is amended to
22 read:

23 42-2003. Authorized disclosure of confidential information

24 A. Confidential information relating to:

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

29 2. A corporate taxpayer may be disclosed to any principal officer, any
30 person designated by a principal officer or any person designated in a
31 resolution by the corporate board of directors or other similar governing
32 body.

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

36 4. An estate may be disclosed to the personal representative of the
37 estate and to any heir, next of kin or beneficiary under the will of the
38 decedent if the department finds that the heir, next of kin or beneficiary
39 has a material interest which will be affected by the confidential
40 information.

41 5. A trust may be disclosed to the trustee or trustees, jointly or
42 separately, and to the grantor or any beneficiary of the trust if the
43 department finds that the grantor or beneficiary has a material interest
44 which will be affected by the confidential information.

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

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

1 B. Confidential information may be disclosed to:

2 1. Any employee of the department whose official duties involve tax
3 administration.

4 2. The office of the attorney general solely for its use in
5 preparation for, or in an investigation which may result in, any proceeding
6 involving tax administration before the department or any other agency or
7 board of this state, or before any grand jury or any state or federal court.

8 3. The department of liquor licenses and control for its use in:

9 (a) Determining whether a spirituous liquor licensee has paid all
10 transaction privilege taxes and affiliated excise taxes incurred as a result
11 of the sale of spirituous liquor, as defined in section 4-101, at the
12 licensed establishment and imposed on the licensed establishments by this
13 state and its political subdivisions.

14 (b) ENFORCING COMPLIANCE WITH LAWS REGARDING THE SALE OF CIGARETTES,
15 CIGARS AND OTHER TOBACCO PRODUCTS THAT ARE SUBJECT TO TAXATION UNDER CHAPTER
16 3 OF THIS TITLE.

17 4. Other state tax officials whose official duties require the
18 disclosure for proper tax administration purposes if the information is
19 sought in connection with an investigation or any other proceeding conducted
20 by the official. Any disclosure is limited to information of a taxpayer who
21 is being investigated or who is a party to a proceeding conducted by the
22 official.

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

28 (a) The United States internal revenue service, alcohol and tobacco
29 tax and trade bureau of the United States treasury, United States bureau of
30 alcohol, tobacco, firearms and explosives of the United States department of
31 justice, United States drug enforcement agency and federal bureau of
32 investigation.

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

34 (c) An organization of states, federation of tax administrators or
35 multistate tax commission that operates an information exchange for tax
36 administration purposes.

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

40 (e) An agency, official or organization of an Indian tribal government
41 with responsibilities comparable to the responsibilities of the agencies,
42 officials or organizations identified in subdivision (a), (b) or (c) of this
43 paragraph.

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

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

48 (a) The processing, storage, transmission, destruction and
49 reproduction of the information.

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

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

6 (a) Regarding income tax, withholding tax or estate tax.

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

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

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

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

18 12. The department of commerce for its use in:

19 (a) Qualifying motion picture production companies for the tax
20 incentives provided for motion picture production under chapter 5 of this
21 title and sections 43-1075 and 43-1163.

22 (b) Fulfilling its annual reporting responsibility pursuant to section
23 41-1517, subsections S and T.

24 (c) Qualifying applicants for the motion picture infrastructure
25 project tax credits under sections 43-1075.01 and 43-1163.01.

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

27 14. The state fire marshal for use in determining compliance with and
28 enforcing title 41, chapter 16, article 3.1.

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

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

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

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

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

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

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

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

48 E. The department, upon the request of any person, shall provide the
49 names and addresses of bingo licensees as defined in section 5-401, verify

1 whether or not a person has a privilege license and number, a distributor's
2 license and number or a withholding license and number or disclose the
3 information to be posted on the department's ~~web-site~~ WEBSITE or otherwise
4 publicly accessible pursuant to section 42-1124, subsection F and section
5 42-3201, subsection A.

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

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

19 H. Confidential information relating to transaction privilege tax, use
20 tax, severance tax, jet fuel excise and use tax and rental occupancy tax may
21 be disclosed to any county, city or town tax official if the information
22 relates to a taxpayer who is or may be taxable by the county, city or town.
23 Any taxpayer information released by the department to the county, city or
24 town:

25 1. May only be used for internal purposes.

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

33 I. The department may disclose statistical information gathered from
34 confidential information if it does not disclose confidential information
35 attributable to any one taxpayer. In order to comply with the requirements
36 of section 42-5029, subsection A, paragraph 3, the department may disclose to
37 the state treasurer statistical information gathered from confidential
38 information, even if it discloses confidential information attributable to a
39 taxpayer.

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

45 K. Except as provided in section 42-2002, subsection C, confidential
46 information, described in section 42-2001, paragraph 2, subdivision (a), item
47 (iii), may be disclosed to law enforcement agencies for law enforcement
48 purposes.

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

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

7 N. Except as provided in section 42-2002, subsection D, a court may
8 order the department to disclose confidential information pertaining to a
9 party to an action. An order shall be made only upon a showing of good cause
10 and that the party seeking the information has made demand upon the taxpayer
11 for the information.

12 O. This section does not prohibit the disclosure by the department of
13 any information or documents submitted to the department by a bingo
14 licensee. Before disclosing the information the department shall obtain the
15 name and address of the person requesting the information.

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

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

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

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

33 T. The department shall release confidential information as requested
34 by the attorney general for purposes of determining compliance with and
35 enforcing section 44-7101, the master settlement agreement referred to
36 therein and subsequent agreements to which the state is a party that amend or
37 implement the master settlement agreement. Information disclosed under this
38 subsection is limited to luxury tax information relating to tobacco
39 manufacturers, distributors, wholesalers and retailers and information
40 collected by the department pursuant to section 44-7101(2)(j).

41 U. For proceedings before the department, the office of administrative
42 hearings, the board of tax appeals or any state or federal court involving
43 penalties that were assessed against a return preparer or electronic return
44 preparer pursuant to section 42-1103.02 or 42-1125.01, confidential
45 information may be disclosed only before the judge or administrative law
46 judge adjudicating the proceeding, the parties to the proceeding and the
47 parties' representatives in the proceeding prior to its introduction into
48 evidence in the proceeding. The confidential information may be introduced
49 as evidence in the proceeding only if the taxpayer's name, the names of any

1 dependents listed on the return, all social security numbers, the taxpayer's
2 address, the taxpayer's signature and any attachments containing any of the
3 foregoing information are redacted and if either:

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

6 2. Such return or return information relates or may relate to a
7 transactional relationship between a person who is a party to the proceeding
8 and the taxpayer which directly affects the resolution of an issue in the
9 proceeding.

10 V. The department may disclose to the attorney general confidential
11 information received under section 44-7111 and requested by the attorney
12 general for purposes of determining compliance with and enforcing section
13 44-7111. The department and attorney general shall share with each other the
14 information received under section 44-7111, and may share the information
15 with other federal, state or local agencies only for the purposes of
16 enforcement of section 44-7101, section 44-7111 or corresponding laws of
17 other states.

18 Sec. 15. Section 42-3001, Arizona Revised Statutes, is amended to
19 read:

20 42-3001. Definitions

21 In this chapter, unless the context otherwise requires:

22 1. "Affix" and "affixed" includes imprinting tax meter stamps on
23 packages and individual containers as authorized by the department.

24 2. "Cider" means vinous liquor that is made from the normal alcoholic
25 fermentation of the juice of sound, ripe apples, including flavored,
26 sparkling and carbonated cider and cider made from condensed apple must, and
27 that contains more than one-half of one per cent of alcohol by volume but not
28 more than seven per cent of alcohol by volume.

29 3. "Cigar" means any roll of tobacco wrapped in leaf tobacco or in any
30 substance containing tobacco other than any roll of tobacco that is a
31 cigarette, as defined in paragraph 4, subdivision (b) of this section.

32 4. "Cigarette" means either of the following:

33 (a) Any roll of tobacco or any substitute for tobacco wrapped in paper
34 or any substance not containing tobacco.

35 (b) Any roll of tobacco wrapped in any substance containing tobacco
36 that, because of its appearance, the type of tobacco used in the filler or
37 its packaging and labeling, is likely to be offered to or purchased by a
38 consumer as a cigarette described in subdivision (a) of this paragraph. This
39 subdivision shall be interpreted consistently with the classification
40 guidelines established by the federal alcohol and tobacco tax and trade
41 bureau.

42 5. "Cigarette distributor" means a distributor of cigarettes without
43 stamps affixed as required by this article who is required to be licensed
44 under section 42-3201. Cigarette distributor does not include a retailer or
45 any person who holds a permit as a cigarette manufacturer, export warehouse
46 proprietor or importer under 26 United States Code section 5712 if the person
47 sells or distributes cigarettes in this state only to licensed cigarette
48 distributors or to another person who holds a permit under 26 United States
49 Code section 5712 as an export warehouse proprietor or manufacturer.

1 6. "Cigarette importer" means a distributor who directly or indirectly
2 imports into the United States a finished cigarette for sale or distribution
3 and who is required to be licensed under section 42-3201.

4 7. "Cigarette manufacturer" means a distributor who manufactures,
5 fabricates, assembles, processes or labels a finished cigarette and who is
6 required to be licensed under section 42-3201.

7 8. "Consumer" means a person in this state who comes into possession
8 of any luxury subject to the tax imposed by this chapter and who, on coming
9 into possession of the luxury, is not a distributor intending to sell or
10 distribute the luxury, retailer or wholesaler.

11 9. "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE, EXCEPT WITH RESPECT
12 TO ENFORCING COMPLIANCE WITH THE PROVISIONS OF THIS CHAPTER REGARDING THE
13 SALE OF CIGARETTES, CIGARS AND OTHER TOBACCO PRODUCTS THAT ARE SUBJECT TO
14 TAXATION, DEPARTMENT MEANS THE DEPARTMENT OF LIQUOR LICENSES AND CONTROL.

15 ~~9.~~ 10. "Distributor" means any person who manufactures, produces,
16 ships, transports or imports into this state or in any manner acquires or
17 possesses for the purpose of making the first sale of the following:

18 (a) Cigarettes without stamps affixed as required by this article.

19 (b) Other tobacco products upon which the taxes have not been paid as
20 required by this chapter.

21 ~~10.~~ 11. "Domestic farm winery" has the same meaning prescribed in
22 section 4-101.

23 ~~11.~~ 12. "Domestic microbrewery" has the same meaning prescribed in
24 section 4-101.

25 ~~12.~~ 13. "First sale" means the initial sale or distribution in
26 intrastate commerce or the initial use or consumption of cigarettes or other
27 tobacco products.

28 ~~13.~~ 14. "Luxury" means any article, object or device upon which a tax
29 is imposed under this chapter.

30 ~~14.~~ 15. "Malt liquor" means any liquid that contains more than
31 one-half of one per cent alcohol by volume and that is made by the process of
32 fermentation and not distillation of hops or grains, but not including:

33 (a) Liquids made by the process of distillation of such substances.

34 (b) Medicines that are unsuitable for beverage purposes.

35 ~~15.~~ 16. "Person" means any individual, firm, partnership, joint
36 venture, association, corporation, municipal corporation, estate, trust,
37 club, society or other group or combination acting as a unit, and the plural
38 as well as the singular number.

39 ~~16.~~ 17. "Retailer" means any person who comes into possession of any
40 luxury subject to the taxes imposed by this chapter for the purpose of
41 selling it for consumption and not for resale.

42 ~~17.~~ 18. "Spirituous liquor" means any liquid that contains more than
43 one-half of one per cent alcohol by volume, that is produced by distillation
44 of any fermented substance and that is used or prepared for use as a
45 beverage. Spirituous liquor does not include medicines that are unsuitable
46 for beverage purposes.

47 ~~18.~~ 19. "Tobacco products" means all luxuries included in section
48 42-3052, paragraphs 5 through 9, except that for the purposes of article 5.1

1 of this chapter tobacco products has the same meaning prescribed in section
2 42-3221.

3 ~~19.~~ 20. "Vinous liquor" means any liquid that contains more than
4 one-half of one per cent alcohol by volume and that is made by the process of
5 fermentation of grapes, berries, fruits, vegetables or other substances but
6 does not include:

7 (a) Liquids in which hops or grains are used in the process of
8 fermentation.

9 (b) Liquids made by the process of distillation of hops or grains.

10 (c) Medicines that are unsuitable for beverage purposes.

11 ~~20.~~ 21. "Wholesaler" means a person who sells any spirituous, vinous
12 or malt liquor taxed under this chapter to retail dealers or for the purposes
13 of resale only.

14 Sec. 16. Section 42-3151, Arizona Revised Statutes, is amended to
15 read:

16 42-3151. Inspection of records and stocks of luxuries

17 A. All books, papers, invoices and records of any wholesaler,
18 distributor or retailer, whether or not required under this chapter to be
19 kept, showing sales, receipts and purchases of luxuries, ~~shall be open for~~
20 inspection by the department OF REVENUE at all times as provided in
21 subsection C. ALL BOOKS, PAPERS, INVOICES AND RECORDS OF ANY DISTRIBUTOR OR
22 RETAILER, WHETHER OR NOT REQUIRED UNDER THIS CHAPTER TO BE KEPT, SHOWING
23 SALES, RECEIPTS AND PURCHASES OF CIGARETTES, CIGARS AND OTHER TOBACCO
24 PRODUCTS SHALL BE OPEN FOR INSPECTION BY THE DEPARTMENT OF LIQUOR LICENSES
25 AND CONTROL AS PROVIDED IN SUBSECTION C.

26 B. Any stock of luxuries in and upon any building, facility, site or
27 place where placed, produced, stored or sold may be inspected by the
28 department OF REVENUE to determine compliance with this chapter. ANY STOCK
29 OF CIGARETTES, CIGARS AND OTHER TOBACCO PRODUCTS IN AND UPON ANY BUILDING,
30 FACILITY, SITE OR PLACE WHERE PLACED, PRODUCED, STORED OR SOLD MAY BE
31 INSPECTED BY THE DEPARTMENT OF LIQUOR LICENSES AND CONTROL TO DETERMINE
32 COMPLIANCE WITH THIS CHAPTER.

33 C. Except as provided in subsection D, any inspection must begin
34 during the normal business hours of the building, facility, site or place
35 being inspected.

36 D. Any inspection that does not begin during normal business hours
37 requires a judicial warrant or the prior written consent of the wholesaler,
38 distributor or retailer.

39 Sec. 17. Section 42-3153, Arizona Revised Statutes, is amended to
40 read:

41 42-3153. Remedies for collection

42 A. Every tax and all increases, interest and penalties imposed by this
43 article may be collected by action in tax court instituted in the name of
44 this state by the attorney general upon request of the department. This
45 remedy is in addition to existing remedies or those provided by law.

46 B. At the request of the department OF REVENUE OR THE DEPARTMENT OF
47 LIQUOR LICENSES AND CONTROL, the attorney general or the county attorney
48 shall bring an action in the name of this state to enjoin any person against
49 whom a tax is levied under this chapter from engaging or continuing in any

1 business for which a tax is imposed by this chapter until the taxes have been
2 paid, and until the person has complied with this chapter.

3 Sec. 18. Section 42-3154, Arizona Revised Statutes, is amended to
4 read:

5 42-3154. Failure or refusal to permit examination of records;
6 classification; additional civil and criminal
7 penalties

8 A. It is unlawful for any person to knowingly fail or refuse to permit
9 any lawful examination of any book, paper, account, record or other memoranda
10 by the department OF REVENUE OR THE DEPARTMENT OF LIQUOR LICENSES AND CONTROL
11 or any ~~of its~~ authorized agents or employees OF THOSE DEPARTMENTS. A person
12 violating this section is guilty of a class 2 misdemeanor.

13 B. In addition to the penalties prescribed by this section the civil
14 and criminal penalties prescribed by sections 42-1125 and 42-1127 apply to
15 violations of this chapter.

16 Sec. 19. Title 42, chapter 3, article 4, Arizona Revised Statutes, is
17 amended by adding section 42-3155, to read:

18 42-3155. Enforcement by department of liquor licenses and
19 control

20 THE DEPARTMENT OF LIQUOR LICENSES AND CONTROL IS RESPONSIBLE AND SHALL
21 ENFORCE COMPLIANCE WITH THE PROVISIONS OF THIS CHAPTER REGARDING THE SALE OF
22 CIGARETTES, CIGARS AND OTHER TOBACCO PRODUCTS THAT ARE SUBJECT TO TAXATION
23 UNDER THIS CHAPTER AND HAS AUTHORITY, CONCURRENTLY WITH THE DEPARTMENT OF
24 REVENUE, WHETHER SPECIFICALLY NAMED OR NOT UNDER ANY PROVISION OF THIS
25 CHAPTER TO ACCOMPLISH THAT RESPONSIBILITY.

26 Sec. 20. Section 42-3212, Arizona Revised Statutes, is amended to
27 read:

28 42-3212. Records

29 A. Except for retail transactions with consumers, each cigarette
30 manufacturer, cigarette importer and cigarette distributor shall maintain
31 copies of invoices or equivalent documentation for each facility and for each
32 transaction that involves the sale, purchase, transfer, consignment or
33 receipt of cigarettes within this state. The invoices or documentation shall
34 indicate the name and address of the other party and the quantity by brand
35 style of the cigarettes involved in the transaction.

36 B. A cigarette distributor shall issue an invoice or equivalent
37 documentation for each transaction that involves the sale, purchase or
38 consignment of cigarettes to a retailer. The invoice or equivalent
39 documentation must include the license number of the cigarette distributor,
40 which the retailer may use to ascertain whether the license is current and
41 valid.

42 C. Records required under this section shall be preserved on the
43 premises described in the relevant license in a manner as to ensure
44 accessibility for inspection at reasonable hours by authorized personnel of
45 the department OF REVENUE AND THE DEPARTMENT OF LIQUOR LICENSES AND CONTROL.
46 ~~With the department's permission,~~ Persons with multiple places of business
47 may retain centralized records, but shall transmit duplicates of the invoices
48 or the equivalent documentation to each place of business within three

1 business days after a request by EITHER the department OF REVENUE OR THE
2 DEPARTMENT OF LIQUOR LICENSES AND CONTROL.

3 D. The records required by this section shall be retained for a period
4 of four years after the date of the transaction.

5 E. On request, the department OF REVENUE, THE DEPARTMENT OF LIQUOR
6 LICENSES AND CONTROL and the United States secretary of the treasury or
7 secretary's designee shall have access to records required under this section
8 and reports required under section 42-3211. The department OF REVENUE OR THE
9 DEPARTMENT OF LIQUOR LICENSES AND CONTROL at ~~its~~ THE sole discretion OF
10 EITHER DEPARTMENT may share the records and reports required by this chapter
11 with other law enforcement officials of federal and state governments under
12 conditions that assume the confidentiality of taxpayer information contained
13 in the records and reports.

14 Sec. 21. Section 42-3253, Arizona Revised Statutes, is amended to
15 read:

16 42-3253. Administration and enforcement

17 Unless otherwise provided, the administration of this article is vested
18 in and shall be exercised by the department OF REVENUE AND THE ENFORCEMENT OF
19 THIS ARTICLE IS VESTED IN AND SHALL BE EXERCISED BY THE DEPARTMENT OF REVENUE
20 AND THE DEPARTMENT OF LIQUOR LICENSES AND CONTROL according to chapters 1 and
21 2 of this title and articles 1 through 5 of this chapter and this article.

22 Sec. 22. Section 42-3306, Arizona Revised Statutes, is amended to
23 read:

24 42-3306. Administration

25 Unless otherwise provided, the administration of this article is vested
26 in and shall be exercised by the department OF REVENUE AND THE ENFORCEMENT OF
27 THIS ARTICLE IS VESTED IN AND SHALL BE EXERCISED BY THE DEPARTMENT OF REVENUE
28 AND THE DEPARTMENT OF LIQUOR LICENSES AND CONTROL according to chapters 1 and
29 2 of this title and articles 1 through 5 of this chapter and this article.

30 Sec. 23. Section 42-5031, Arizona Revised Statutes, is amended to
31 read:

32 42-5031. Distribution of multipurpose facility revenues to
33 district; definitions

34 A. Subject to the requirements of subsection D of this section, if a
35 county stadium district is authorized by an election pursuant to section
36 48-4237, subsection E, paragraph 5 to use the amounts paid to the district
37 pursuant to subsection B of this section as permitted by law, ~~then~~ after
38 delivery of a resolution of the district board of directors requesting
39 payment, which resolution shall contain notice of the exercise of the option
40 to begin payments provided for in this subsection, the state treasurer shall
41 pay each month, beginning with the second calendar month after the optional
42 payment commencement event contained in the resolution, from the amount
43 designated as distribution base pursuant to section 42-5029, subsection D,
44 the amount determined under subsection B of this section to the district.
45 Payments under this section shall continue until July 1, 2025 OR UNTIL THE
46 DATE ALL AUTHORIZED DEBT SERVICE PAYMENTS ARE COMPLETED AS PROVIDED BY
47 SECTION 48-4203, SUBSECTION B, PARAGRAPH 3, WHICHEVER DATE IS EARLIER.

48 B. The amount to be paid each month under subsection A of this section
49 is one-half of the amount of state transaction privilege tax revenues

1 received in the second preceding calendar month from all persons conducting
2 business under any business classification under this article at a
3 multipurpose facility site, or in the construction of a multipurpose
4 facility, the ~~public or district owned~~ components of which cost at least two
5 hundred million dollars to construct. In no event shall the amount to be
6 paid each month under this section:

7 1. Exceed the net new state transaction privilege tax revenues
8 received from the multipurpose facility site as compared to the revenues
9 received in the same month during the twelve months prior to the month in
10 which the public vote pursuant to section 48-4237 is held.

11 2. BE DERIVED FROM, OR COMPUTED WITH RESPECT TO, ANY AMOUNT OF
12 REVENUES COLLECTED IN THE DISTRICT EXCEPT AT THE MULTIPURPOSE FACILITY SITE.

13 C. The primary component, as described in section 48-4201, shall be
14 constructed during the first phase of the project.

15 D. To qualify for payments under this section, the municipality in
16 which the multipurpose facility site is located must either obtain voter
17 approval for a local transaction privilege tax to pay costs associated with a
18 multipurpose facility, or make a financial commitment by intergovernmental
19 agreement between the municipality and the district to make direct payments
20 to the district from any lawful source, including municipal transaction
21 privilege taxes or to expend monies for land, infrastructure or other
22 improvements directly related to the multipurpose facility ~~or the~~
23 ~~multipurpose facility site~~, by ~~the end of the date referred to in subsection~~
24 ~~A of this section~~ JULY 1, 2025 in an aggregate amount equal to the amount
25 received by the district pursuant to this section.

26 E. If the municipality in which the multipurpose facility site is
27 located fails to satisfy the obligations of the municipality pursuant to
28 subsection D of this section, ~~then beginning six months after the end of the~~
29 ~~date referred to in subsection A of this section~~ JANUARY 1, 2026,
30 distributions otherwise payable to the municipality pursuant to section
31 42-5029, subsection C shall be reduced by an amount equal to the excess of
32 the amount received by the district pursuant to this section over the amount
33 paid or expended by the municipality. The amount of the reduction shall be
34 distributed to the district to satisfy the financial commitment of the
35 municipality pursuant to subsection D of this section.

36 F. To comply with the requirements of this section, the county stadium
37 district board of directors or any city or town that is part of the county
38 stadium district shall supply the department with all requested information
39 necessary to administer this section.

40 G. MONIES DISTRIBUTED TO A COUNTY STADIUM DISTRICT PURSUANT TO THIS
41 SECTION:

42 1. MAY BE USED ONLY WITH RESPECT TO THE CONSTRUCTION OF A MULTIPURPOSE
43 FACILITY.

44 2. SHALL NOT BE USED:

45 (a) TO PAY SALARY, WAGES, EMPLOYEE RELATED EXPENSES OR OTHER
46 COMPENSATION FOR EMPLOYEES OF THE COUNTY STADIUM DISTRICT OR ANY
47 MUNICIPALITY.

48 (b) FOR ANY COSTS ASSOCIATED WITH ANY BUILDING, FACILITY,
49 INFRASTRUCTURE OR OTHER IMPROVEMENT OWNED BY ANY MUNICIPALITY, INCLUDING A

1 CONVENTION CENTER THAT QUALIFIES FOR FUNDING FROM THE ARIZONA CONVENTION
2 CENTER DEVELOPMENT FUND UNDER TITLE 9, CHAPTER 6.

3 H. FOR THE PURPOSES OF THIS SECTION, "MULTIPURPOSE FACILITY" AND
4 "MULTIPURPOSE FACILITY SITE" HAVE THE SAME MEANINGS PRESCRIBED IN SECTION
5 48-4201.

6 Sec. 24. Section 43-1183, Arizona Revised Statutes, is amended to
7 read:

8 43-1183. Credit for contributions to school tuition
9 organization; definitions

10 A. Beginning from and after June 30, 2006 ~~through June 30, 2011~~, a
11 credit is allowed against the taxes imposed by this title for the amount of
12 voluntary cash contributions made by the taxpayer during the taxable year to
13 a school tuition organization.

14 B. The amount of the credit is the total amount of the taxpayer's
15 contributions for the taxable year under subsection A of this section and is
16 preapproved by the department pursuant to subsection D of this section.

17 C. The department:

18 1. Shall not allow tax credits under this section that exceed in the
19 aggregate, ~~a~~ a combined total of ten million dollars in any fiscal year.
20 Beginning in fiscal year 2007-2008, the aggregate amount of the tax credit
21 cap from the previous fiscal year shall be annually increased by twenty per
22 cent.

23 2. Shall preapprove tax credits subject to subsection D of this
24 section.

25 3. Shall allow the tax credits on a first come, first served basis.

26 D. For the purposes of subsection C, paragraph 2 of this section,
27 before making a contribution to a school tuition organization, the taxpayer
28 shall notify the school tuition organization of the total amount of
29 contributions that the taxpayer intends to make to the school tuition
30 organization. Before accepting the contribution, the school tuition
31 organization shall request preapproval from the department for the taxpayer's
32 intended contribution amount. The department shall preapprove or deny the
33 requested amount within twenty days after receiving the request from the
34 school tuition organization. If the department preapproves the request, the
35 school tuition organization shall immediately notify the taxpayer that the
36 requested amount was preapproved by the department. In order to receive a
37 tax credit under this subsection, the taxpayer shall make the contribution to
38 the school tuition organization within ten days after receiving notice from
39 the school tuition organization that the requested amount was preapproved.
40 If the school tuition organization does not receive the preapproved
41 contribution from the taxpayer within the required ten days, the school
42 tuition organization shall immediately notify the department and the
43 department shall no longer include this preapproved contribution amount when
44 calculating the limit prescribed in subsection C, paragraph 1 of this
45 section.

46 E. A school tuition organization that receives contributions under
47 this section shall allow the department to verify that the educational
48 scholarships and tuition grants that are issued pursuant to this section are
49 awarded to students who attend a qualified school.

1 F. If the allowable tax credit exceeds the taxes otherwise due under
2 this title on the claimant's income, or if there are no taxes due under this
3 title, the taxpayer may carry the amount of the claim not used to offset the
4 taxes under this title forward for not more than five consecutive taxable
5 years' income tax liability.

6 G. Co-owners of a business, including corporate partners in a
7 partnership, may each claim only the pro rata share of the credit allowed
8 under this section based on the ownership interest. The total of the credits
9 allowed all such owners may not exceed the amount that would have been
10 allowed a sole owner.

11 H. The credit allowed by this section is in lieu of any deduction
12 pursuant to section 170 of the internal revenue code and taken for state tax
13 purposes.

14 I. The tax credit is not allowed if the taxpayer designates the
15 taxpayer's contribution to the school tuition organization for the direct
16 benefit of any specific student.

17 J. A school tuition organization that receives contributions under
18 this section shall use at least ninety per cent of those contributions to
19 provide educational scholarships or tuition grants only to children whose
20 family income does not exceed one hundred eighty-five per cent of the income
21 limit required to qualify a child for reduced price lunches under the
22 national school lunch and child nutrition acts (42 United States Code
23 sections 1751 through 1785) and who either:

24 1. Attended a governmental primary or secondary school as a full-time
25 student as defined in section 15-901 for at least the first one hundred days
26 of the prior fiscal year and transferred from a governmental primary or
27 secondary school to a qualified school.

28 2. Enroll in a qualified school in a kindergarten program.

29 3. Received an educational scholarship or tuition grant under
30 paragraph 1 or 2 of this subsection if the children continue to attend a
31 qualified school in a subsequent year.

32 K. In 2006, a school tuition organization shall not issue an
33 educational scholarship or a tuition grant in an amount that exceeds four
34 thousand two hundred dollars for students in a kindergarten program or grades
35 one through eight or five thousand five hundred dollars for students in
36 grades nine through twelve. In each year after 2006, the limitation amount
37 for a scholarship or a grant under this subsection shall be increased by one
38 hundred dollars.

39 L. A child is still eligible to receive an educational scholarship or
40 tuition grant under subsection J of this section if the child meets the
41 criteria to receive a reduced price lunch but does not actually claim that
42 benefit.

43 M. The school tuition organization shall require that the children use
44 the educational scholarships or tuition grants on a full-time basis. If a
45 child leaves the qualified school before completing an entire school year,
46 the qualified school shall refund a prorated amount of the educational
47 scholarship or tuition grant to the school tuition organization that issued
48 the educational scholarship or tuition grant to the child. Any refunds
49 received by the school tuition organization under this subsection shall be

1 allocated for educational scholarships or tuition grants to qualified
2 children in the following year.

3 N. Children who receive educational scholarships or tuition grants
4 under this section shall be allowed to attend any qualified school of their
5 parents' choice.

6 O. A school tuition organization that receives a voluntary cash
7 contribution pursuant to subsection A of this section shall report to the
8 department, in a form prescribed by the department, by June 30 of each year
9 the following information:

10 1. The name, address and contact name of the school tuition
11 organization.

12 2. The total number of contributions received during the previous
13 calendar year.

14 3. The total dollar amount of contributions received during the
15 previous calendar year.

16 4. The total number of children awarded educational scholarships or
17 tuition grants during the previous calendar year.

18 5. The total dollar amount of educational scholarships and tuition
19 grants awarded during the previous calendar year.

20 6. For each school to which educational scholarships or tuition grants
21 were awarded:

22 (a) The name and address of the school.

23 (b) The number of educational scholarships and tuition grants awarded
24 during the previous calendar year.

25 (c) The total dollar amount of educational scholarships and tuition
26 grants awarded during the previous calendar year.

27 7. Verification that an independent review of financial statements
28 according to generally accepted accounting principles was completed by a
29 certified public accountant for the previous calendar year.

30 P. The department shall adopt rules necessary for the administration
31 of this section.

32 Q. For the purposes of this section:

33 1. "Qualified school" means a nongovernmental primary school or
34 secondary school:

35 (a) That is located in this state, that does not discriminate on the
36 basis of race, color, handicap, familial status or national origin and that
37 satisfies the requirements prescribed by law for private schools in this
38 state on January 1, 2005.

39 (b) That annually administers and makes available to the public the
40 aggregate test scores of its students on a nationally standardized
41 norm-referenced achievement test, preferably the Arizona instrument to
42 measure standards test administered pursuant to section 15-741.

43 (c) That requires all teaching staff and any personnel that have
44 unsupervised contact with students to be fingerprinted.

45 2. "School tuition organization" means a charitable organization in
46 this state that both:

47 (a) Is exempt from federal taxation under section 501(c)(3) of the
48 internal revenue code and that allocates ninety per cent of its annual

1 revenue for educational scholarships or tuition grants to children to allow
2 them to attend any qualified school of their parents' choice.

3 (b) Provides educational scholarships or tuition grants to students
4 without limiting availability to only students of one school.

5 Sec. 25. Section 44-302, Arizona Revised Statutes, is amended to read:

6 44-302. Presumptions of abandonment

7 A. Property is presumed abandoned if it is unclaimed by the apparent
8 owner according to the following schedule:

9 1. A traveler's check is presumed abandoned ~~fifteen~~ THREE years after
10 issuance.

11 2. A money order or similar written instrument, other than a third
12 party bank check, is presumed abandoned ~~seven~~ THREE years after issuance.

13 3. Any stock or other equity interest in a business association or
14 financial organization, including a security entitlement under title 47,
15 chapter 8, is presumed abandoned ~~three~~ TWO years after any of the following,
16 whichever occurs first:

17 (a) The date of the most recent dividend, stock split or other
18 distribution that is unclaimed by the apparent owner.

19 (b) The date of the second mailing of a statement of account or other
20 notification or communication that was returned as undeliverable.

21 (c) The date the holder discontinued mailings, notifications or
22 communications to the apparent owner.

23 4. The principal on debt, other than a bearer bond or an original
24 issue discount bond, of a business association or financial organization is
25 presumed abandoned ~~three~~ TWO years after the maturity date and the interest
26 on the debt is presumed abandoned ~~three~~ TWO years after the payment date.

27 5. A demand, savings or time deposit, including a deposit that is
28 automatically renewable, and any interest or dividends are presumed abandoned
29 ~~five~~ THREE years after maturity or the date of the last indication by the
30 owner of interest in the property, whichever occurs first. For the purposes
31 of this paragraph, a deposit that is automatically renewable is deemed
32 matured on its initial date of maturity, unless the owner has consented to a
33 renewal at or about the time of the renewal and the consent is in writing or
34 is evidenced by any memorandum or other record on file with the holder.

35 6. Credits owed to a customer as a result of a retail business
36 transaction are presumed abandoned ~~five~~ THREE years after the obligation
37 accrued.

38 7. An amount owed by an insurance company on a life or endowment
39 insurance policy or an annuity that has matured or terminated is presumed
40 abandoned ~~five~~ THREE years after the obligation to pay arose or, in the case
41 of a policy or annuity that is payable on proof of death, the amount is
42 presumed abandoned ~~two years~~ ONE YEAR after the insured has attained, or
43 would have attained if the insured were living, the limiting age under the
44 mortality table on which the reserve is based. For the purposes of this
45 paragraph all of the following conditions apply:

46 (a) If a person other than the insured or annuitant is entitled to the
47 owed amount and the person's address is not known to the company or it is not
48 definite and certain from the records of the company who is entitled to the
49 amount, it is presumed that the last known address of the person who is

1 entitled to the amount is the same as the last known address of the insured
2 or annuitant according to the company's records.

3 (b) Notwithstanding any law, if the company learns of the death of the
4 insured or annuitant and the beneficiary has not communicated with the
5 insurer within four months after the death, the company shall take reasonable
6 steps to pay the proceeds to the beneficiary.

7 (c) Every change of beneficiary form issued by an insurance company
8 under any life or endowment insurance policy or annuity contract to an
9 insured or owner who is a resident of this state shall request the following
10 information:

11 (i) The name of each beneficiary, or if a class of beneficiaries is
12 named, the name of each current beneficiary in the class.

13 (ii) The address of each beneficiary.

14 (iii) The relationship of each beneficiary to the insured.

15 8. A life or endowment insurance policy or annuity contract not
16 matured by actual proof of the death of the insured or annuitant according to
17 the company's records is deemed matured and the proceeds are deemed due and
18 payable and are presumed abandoned after ~~two-years~~ ONE YEAR if all of the
19 following conditions apply:

20 (a) The insured has attained, or would have attained if the insured
21 were living, the limiting age under the mortality table on which the reserve
22 is based.

23 (b) The policy was in force at the time the insured attained or would
24 have attained the limiting age specified in subdivision (a) of this
25 paragraph.

26 (c) Neither the insured nor any other person who appears to have an
27 interest in the policy within the last ~~two-years~~ YEAR according to the
28 company's records has assigned, readjusted or paid premiums on the policy or
29 subjected the policy to a loan, corresponded in writing with the company
30 concerning the policy or otherwise indicated an interest as evidenced by a
31 memorandum or any other record on file with and prepared by an employee of
32 the company.

33 9. Property that is distributable by a business association or
34 financial organization in a course of dissolution is presumed abandoned one
35 year after the property becomes distributable.

36 10. Property that is received by a court as proceeds of a class action
37 and that is not distributed pursuant to the judgment is presumed abandoned
38 one year after the distribution date.

39 11. Property that is held by a court, government or governmental
40 subdivision, agency or instrumentality, except for support as defined in
41 section 25-500 or for spousal maintenance, is presumed abandoned ~~three~~ TWO
42 years after the property becomes distributable. Monies held for the payment
43 of warrants by a state agency that remain unclaimed by the owner at the time
44 of the void date printed on the face of the warrant are presumed abandoned.
45 For the purposes of this paragraph, governmental subdivision does not include
46 a special taxing district as defined in section 48-241.

47 12. Wages or other compensation for personal services is presumed
48 abandoned one year after the compensation becomes payable.

1 13. Property in any individual retirement account, defined benefit plan
2 or other account or plan that qualifies for tax deferral under the income tax
3 laws of the United States is presumed abandoned ~~three~~ TWO years after any of
4 the following, whichever occurs first:

5 (a) The date of the distribution or attempted distribution of the
6 property.

7 (b) The date of the required distribution as stated in the plan or
8 trust agreement that governs the plan.

9 (c) If determinable by the holder, the date specified in the income
10 tax laws of the United States by which distribution of the property must
11 begin in order to avoid a tax penalty.

12 14. Any amount that is payable on a check, draft or similar instrument
13 on which a financial organization or business association is directly liable,
14 including a cashier's check and a certified check, and that has been
15 outstanding for more than ~~five~~ THREE years after the check, draft or similar
16 instrument was payable or after issuance if payable on demand is presumed
17 abandoned unless within ~~five~~ THREE years the owner has communicated in
18 writing with the financial organization or business association concerning
19 the check, draft or similar instrument or otherwise indicated an interest as
20 evidenced by a memorandum or any other record on file and prepared by an
21 employee of the financial organization or business association.

22 15. All other property is presumed abandoned ~~five~~ THREE years after the
23 owner's rights to demand the property or after the obligation to pay or
24 distribute the property arises, whichever occurs first.

25 16. Excess proceeds deposited with the county treasurer pursuant to
26 section 33-812 are presumed abandoned if the monies remain with the treasurer
27 for at least ~~three~~ TWO years from the date of deposit and there is no pending
28 application for distribution.

29 17. Any dividend, profit, distribution, interest, redemption, payment
30 on principal or other sum held or owing by a business association for or to
31 its shareholder, certificate holder, member, bondholder or other security
32 holder who has not claimed it, or corresponded in writing with the business
33 association concerning it, is presumed abandoned ~~three~~ TWO years after the
34 date prescribed for payment or delivery.

35 B. At the time that an interest is presumed abandoned under subsection
36 A of this section, any other property right accrued or accruing to the owner
37 as a result of the interest, and not previously presumed abandoned, is also
38 presumed abandoned.

39 C. Property is unclaimed if, for the applicable period prescribed in
40 subsection A of this section, the apparent owner has not communicated in
41 writing with the holder or communicated by other means reflected in a
42 contemporaneous record that is prepared by or on behalf of the holder and
43 that concerns the property or the account or accounts in which the property
44 is held and has not otherwise indicated an interest in the property and if
45 the holder has not communicated in writing with regard to the property that
46 would otherwise be unclaimed. A communication with an owner by a person
47 other than the holder or the holder's representative who has not identified
48 the property in writing to the owner is not an indication of interest in the
49 property by the owner.

1 D. An indication of an owner's interest in property includes:

2 1. The presentment of any check or other instrument of payment of any
3 dividend or other distribution that is made with respect to any account,
4 underlying stock or other interest in a business association or financial
5 organization. If the distribution is made by electronic or similar means an
6 indication of an owner's interest includes evidence that the distribution has
7 been received.

8 2. Activity directed by the owner in the account in which the property
9 is held, including a direction by the owner to increase, decrease or change
10 the amount or type of property held in the account.

11 3. The making of a deposit to or withdrawal from a bank account.

12 4. The payment of a premium with respect to a property interest in an
13 insurance policy. The application of an automatic premium loan provision or
14 any other nonforfeiture provision in an insurance policy does not prevent a
15 policy from maturing or terminating if the insured has died or if the insured
16 or the beneficiary of the policy has otherwise become entitled to the
17 proceeds before the depletion of the cash surrender value of a policy by the
18 application of those provisions.

19 E. Property is payable or distributable notwithstanding the owner's
20 failure to make demand or present an instrument or document otherwise
21 required to obtain payment.

22 Sec. 26. Section 44-313, Arizona Revised Statutes, is amended to read:

23 44-313. Deposit of monies

24 A. Except as otherwise provided in this section or section 44-314, the
25 department shall deposit, pursuant to sections 35-146 and 35-147, in the
26 state general fund all monies received pursuant to this chapter, including
27 the proceeds from the sale of abandoned property pursuant to section 44-312.
28 ~~, except that:~~

29 ~~1. Thirty-five per cent of the monies shall be deposited in the~~
30 ~~housing trust fund established by section 41-3955.~~

31 ~~2. Twenty per cent of the monies shall be deposited in the housing~~
32 ~~trust fund established by section 41-3955. These monies shall be used~~
33 ~~exclusively for the development of eligible and viable housing in rural areas~~
34 ~~and for the purposes authorized under the housing development fund~~
35 ~~established by section 41-3956.~~

36 ~~3. Twenty per cent of the monies shall be deposited in the funds in~~
37 ~~the amounts provided in section 5-113, subsection A.~~

38 B. The department shall deposit monies from unclaimed shares and
39 dividends of any corporation incorporated under the laws of this state in the
40 permanent state school fund pursuant to article XI, section 8, Constitution
41 of Arizona.

42 C. The department shall deposit monies from unclaimed victim
43 restitution payments in the victim compensation and assistance fund
44 established by section 41-2407 for the purpose of establishing, maintaining
45 and supporting programs that compensate and assist victims of crime.

46 D. The department shall retain in a separate trust fund at least one
47 hundred thousand dollars from which the department shall pay claims.

48 E. Before making the deposit, the department shall record the name and
49 last known address of each person who appears from the holders' reports to be

1 entitled to the property and the name and last known address of each insured
2 person or annuitant and beneficiary. The department shall also record the
3 policy or contract number of each policy or contract of an insurance company
4 that is listed in the report, the name of the company and the amount due.
5 The department shall make the record available for public inspection during
6 reasonable business hours.

7 ~~F. Before making any deposit to the credit of the state general fund,~~
8 ~~the department may deduct, subject to legislative appropriation,~~
9 ~~administrative expenses in the following order of priority:~~

10 1. ~~Any costs in connection with the sale of abandoned property.~~
11 2. ~~Costs of mailing and publication in connection with any abandoned~~
12 ~~property.~~

13 3. ~~Reasonable department service charges.~~

14 4. ~~Costs incurred in examining records of holders of property and in~~
15 ~~collecting the property from those holders.~~

16 5. ~~Lawful holder charges.~~

17 6. ~~For the purposes of this section, "rural area" means either:~~

18 1. ~~A county with a population of less than four hundred thousand~~
19 ~~persons.~~

20 2. ~~A census county division with less than fifty thousand persons in a~~
21 ~~county with a population of four hundred thousand or more persons.~~

22 Sec. 27. Section 48-4201, Arizona Revised Statutes, is amended to
23 read:

24 48-4201. Definitions

25 In this chapter, unless the context otherwise requires:

26 1. "Board" means the board of directors of any district established
27 under section 48-4202, subsection A or B.

28 2. "Bond" means any obligation authorized and issued pursuant to this
29 chapter, including bonds, lease-purchase and installment purchase agreements,
30 certificates of participation in a lease-purchase or installment purchase
31 agreement and obligations that are authorized and issued to refund or
32 refinance obligations that are authorized and issued pursuant to this
33 chapter.

34 3. "District" means any county stadium district established pursuant
35 to section 48-4202, subsection A or B.

36 4. "Multipurpose facility" means any **HOSPITALITY, CONVENTION OR SPORTS**
37 **ARENA** facility or facilities that include:

38 (a) A primary component that is located in the district on the
39 multipurpose facility site and on lands that are adjacent to each other or
40 separated **ONLY** by public rights-of-way, ~~AND that the district owns or leases~~
41 ~~and that is used to accommodate sporting, entertainment, cultural, civic,~~
42 ~~meeting, trade show or convention events or activities,~~ **AND** fire, police or
43 other public safety facilities, and tourism offices, **THAT ARE INCLUDED WITHIN**
44 **AND SERVE THE PURPOSES OF THE HOSPITALITY, CONVENTION OR ARENA FACILITY.** The
45 primary component may not include any structure or part of a structure that
46 is used or designed for use as a county, city or town hall, as meeting space
47 for the county, city or town governing body or for general municipal
48 administrative office space other than for the administration, maintenance
49 and operation of the multipurpose facility.

1 (b) Secondary components that are located in the district ON THE
2 MULTIPURPOSE FACILITY SITE and that the board determines are necessary or
3 beneficial to the primary component, limited to on-site infrastructure,
4 artistic components, AND parking garages and lots. , and public parks and
5 plazas. In addition, Secondary components may include related INCIDENTAL
6 commercial facilities ENTERPRISES that are located within the multipurpose
7 facility site.

8 5. "Multipurpose facility site" means the IMMEDIATE geographic area
9 within the district which is depicted in the publicity pamphlet for an
10 election held pursuant to section 48-4237 ON WHICH THE COMPONENTS OF THE
11 MULTIPURPOSE FACILITY ARE LOCATED.

12 6. "Municipality" means a city or town that is incorporated or
13 chartered under the constitution and laws of this state.

14 7. "Stadium" means a sports facility or facilities located in the
15 district and designed to accommodate, but not be limited to, major league
16 baseball events.

17 Sec. 28. Section 48-4202, Arizona Revised Statutes, is amended to
18 read:

19 48-4202. Formation of district

20 A. The board of supervisors of each county having a population of more
21 than one million five hundred thousand persons according to the most recent
22 United States decennial census or any county in which a major league baseball
23 organization has established or seeks to establish a spring training
24 operation may organize a countywide district to include both the incorporated
25 and unincorporated areas of the county, if the board determines that the
26 public convenience, necessity or welfare will be promoted by establishing the
27 district.

28 B. Two or more municipalities in the same county may organize a
29 district for A multipurpose facilities FACILITY if the governing bodies of
30 the municipalities determine that the public convenience, necessity or
31 welfare will be promoted by establishing the district. The district shall be
32 comprised of the areas within the corporate boundaries of the municipalities.
33 After formation, the boundaries of the district shall not be altered. A
34 district may be established under this subsection in the same county in which
35 a district is established under subsection A of this section. A district
36 formed pursuant to this subsection shall be deemed a county stadium district
37 for purposes of this chapter. Notwithstanding any other law, a district may
38 not be organized under this subsection from and after October 31, 1999,
39 except that a district may be organized under this subsection after October
40 31, 1999 if before that date the governing body of two or more of the
41 municipalities identified the location of a multipurpose facility site and
42 has voted with the purpose of forming a district for multipurpose facilities
43 under this subsection.

44 C. The county board of supervisors shall be the board of directors of
45 a countywide district established under subsection A of this section.

46 D. The board of directors of a district established under subsection B
47 of this section shall consist of: ~~two members appointed for a definite term~~
48 ~~by the governing body of each municipality but may not include officers or~~
49 ~~employees of the municipality, and if the district enters into an~~

~~intergovernmental agreement pursuant to section 48-4203 with an Indian tribe or community, the board of directors shall include two members appointed by the Indian tribe or community.~~

1. FIVE MEMBERS WHO ARE APPOINTED BY THE GOVERNOR, NO MORE THAN THREE OF WHOM MAY RESIDE IN THE MUNICIPALITY IN WHICH THE DISTRICT IS LOCATED AND EACH OF WHOM MUST HAVE EXPERIENCE IN COMMERCIAL REAL ESTATE, CONSTRUCTION, REDEVELOPMENT, REAL ESTATE LAW, ARCHITECTURE, ECONOMIC DEVELOPMENT OR COMMERCIAL OR PUBLIC FINANCE. NO MORE THAN THREE MEMBERS APPOINTED BY THE GOVERNOR MAY BELONG TO THE SAME POLITICAL PARTY. THE GOVERNOR MAY RECEIVE NOMINATIONS FOR APPOINTMENT FROM ANY INTERESTED ORGANIZATION. MEMBERS APPOINTED BY THE GOVERNOR SERVE AT THE PLEASURE OF THE GOVERNOR.

2. TWO MEMBERS WHO ARE APPOINTED BY THE PRESIDENT OF THE SENATE, NO MORE THAN ONE OF WHOM MAY RESIDE IN THE MUNICIPALITY IN WHICH THE DISTRICT IS LOCATED. THE MEMBERS APPOINTED BY THE PRESIDENT SHALL NOT BELONG TO THE SAME POLITICAL PARTY AND EACH SERVES AT THE PLEASURE OF THE PRESIDENT.

3. TWO MEMBERS WHO ARE APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, NO MORE THAN ONE OF WHOM MAY RESIDE IN THE MUNICIPALITY IN WHICH THE DISTRICT IS LOCATED. THE MEMBERS APPOINTED BY THE SPEAKER SHALL NOT BELONG TO THE SAME POLITICAL PARTY AND EACH SERVES AT THE PLEASURE OF THE SPEAKER.

E. The directors OF ANY DISTRICT are not eligible for compensation for their services but are eligible for reimbursement for their necessary expenses in attending to and traveling on district business.

~~F.~~ F. The board of supervisors may pay the necessary costs incurred in connection with establishing a countywide district from any county monies available for that purpose. The municipalities may pay their proportionate share of the necessary costs incurred in establishing a district formed by two or more municipalities under subsection B of this section from any monies available for that purpose.

~~G.~~ G. Subject to limitations imposed by intergovernmental agreement and the ordinance or resolution authorizing the formation of the district, the district is a tax levying public improvement district and a political taxing subdivision of this state and has all the powers, privileges and immunities granted generally to municipal corporations for the purposes of implementing this chapter, including eminent domain, as provided by section 48-4203, subsection A, paragraph 7, and immunity of its property, bonds and interest on and transfer of its bonds from taxation.

Sec. 29. Section 48-4203, Arizona Revised Statutes, is amended to read:

48-4203. Powers and duties of board of directors; conflict of interest

A. The board of directors, on behalf of the district, may:

1. Adopt and use a corporate seal.
2. Sue and be sued.

3. Enter into contracts, including intergovernmental agreements under title 11, chapter 7, article 3, as necessary to carry out the purposes and requirements of this chapter. The district may contract with a county sports authority established under title 11, chapter 5 to carry out any power of the district.

1 4. Adopt administrative rules as necessary to administer and operate
2 the district and any property under its jurisdiction.

3 5. Adopt rules that allow weighted voting by board members and
4 establish conditions for terminating the district.

5 6. Employ an executive director and administrative and clerical
6 employees, or contract for other management personnel, and prescribe the
7 terms and conditions of their employment as necessary to carry out the
8 purposes of the district.

9 7. Acquire by any lawful means and operate, maintain, encumber and
10 dispose of real and personal property and interests in property. A district
11 established under section 48-4202, subsection A may acquire real property by
12 eminent domain. A district established under section 48-4202, subsection B
13 shall not acquire real property by eminent domain.

14 8. Administer trusts declared or established for the district, receive
15 and hold in trust or otherwise property located in or out of this state and,
16 if not otherwise provided, dispose of the property for the benefit of the
17 district.

18 9. Retain legal counsel and other consultants as necessary to carry
19 out the purposes of the district.

20 B. The board of directors, on behalf of a district established
21 pursuant to section 48-4202, subsection B, may:

22 1. Use revenues paid to the district ~~pursuant to section 42-5031 and~~
23 ~~other revenues the district may receive from other sources,~~ for the purposes
24 set forth in section 48-4204, subsection B.

25 2. Enter into agreements with developers, contractors, tenants and
26 other users of all or part of a multipurpose facility as determined
27 appropriate.

28 3. ~~Pledge all or part of the revenues described in~~ USE THE REVENUES
29 PAID TO THE DISTRICT PURSUANT TO section 42-5031, subsection B, ~~ONLY~~ to
30 secure the district's bonds or other financial obligations ~~THAT WERE~~ issued
31 or incurred under this chapter ~~for the construction of all or part of a~~
32 ~~multipurpose facility~~ BEFORE JULY 1, 2009.

33 C. The board of directors shall:

34 1. Appoint from among its members a chairman, a secretary and such
35 other officers as may be necessary to conduct its business. The board of
36 directors may appoint the chief financial officer of the county as the
37 district treasurer of a countywide district established under section
38 48-4202, subsection A. If the board does not appoint the chief financial
39 officer, the county treasurer is designated ex officio as the treasurer. The
40 board of directors of a district that is established pursuant to section
41 48-4202, subsection B shall designate ex officio an officer of one of the
42 municipalities as treasurer of the district.

43 2. Keep and maintain a complete and accurate record of all its
44 proceedings. All proceedings and records of the board shall be open to the
45 public as required by title 38, chapter 3, article 3.1 and title 39,
46 chapter 1.

47 3. Provide for the use, maintenance and operation of the properties
48 and interests controlled by the district.

1 D. The board of directors of a district that is established pursuant
2 to section 48-4202, subsection B shall determine by agreement the
3 distribution of revenues from operating and using the multipurpose facilities
4 among the municipalities and any participating Indian tribe or community.

5 E. The directors, officers and employees of the district are subject
6 to title 38, chapter 3, article 8 relating to conflicts of interest.

7 F. This state and political subdivisions of this state other than the
8 district are not liable for any financial or other obligations of the
9 district and the financial or other obligations do not constitute a debt or
10 liability of this state or any political subdivision of this state, other
11 than the district.

12 Sec. 30. Section 48-4204, Arizona Revised Statutes, is amended to
13 read:

14 48-4204. Constructing and operating a stadium and other
15 structures; regulating alcoholic beverages

16 A. From the taxes and surcharges levied pursuant to article 2 of this
17 chapter for use with respect to major league baseball spring training, the
18 district may acquire land and construct, finance, furnish, maintain, improve,
19 operate, market and promote the use of existing or proposed major league
20 baseball spring training facilities or stadiums and other structures,
21 utilities, roads, parking areas or buildings necessary for full use of the
22 training facilities or stadiums for sports and other purposes and do all
23 things necessary or convenient to accomplish those purposes. The board shall
24 require that any project undertaken by the district include financial
25 participation from the county or municipality in which the project is
26 located, from a private party or from any combination of these entities which
27 equals or exceeds one-half of the amount to be expended or distributed by the
28 district. Capital improvement funds expended at any time after June 1, 1991
29 by a county, municipality or private party for a purpose authorized by this
30 section may be deemed financial participation with respect to any project the
31 district may undertake.

32 B. From the taxes and charges levied or identified pursuant to section
33 48-4237 for use with respect to multipurpose facilities and from other monies
34 lawfully available to the district, the district may acquire land and
35 construct, finance, furnish, maintain, improve, operate, market and promote
36 the use of multipurpose facilities and other structures, utilities, roads,
37 parking areas or buildings necessary for full use of the multipurpose
38 facilities and do all things necessary or convenient to accomplish those
39 purposes. Public funds identified in section 48-4237, ~~including funds~~
40 ~~distributed pursuant to section 42-5031~~, may only be used for the components
41 for a multipurpose facility which are owned by the district or which are
42 publicly owned, **EXCEPT THAT MONIES PAID TO THE DISTRICT PURSUANT TO SECTION**
43 **42-5031 MAY ONLY BE USED TO PAY PRINCIPAL, INTEREST, REDEMPTION COSTS AND**
44 **OTHER DEBT SERVICE EXPENSES FOR THE DISTRICT'S BONDS THAT WERE ISSUED BEFORE**
45 **JULY 1, 2009.**

46 C. Title 34 applies to the district, except that regardless of the
47 funding source for design and construction of facilities and structures the
48 district may establish alternative systems and procedures, including the use
49 of the design-build method of construction or the use of qualifications-based

1 selection of contractors with experience in stadium design or construction,
2 to expedite the design and construction of any of its facilities or
3 structures or any facilities or structures leased to it or used by it
4 pursuant to an intergovernmental agreement. For the purposes of this
5 subsection:

6 1. "Design-build" means a process of entering into and managing a
7 contract between the district and another party in which the other party
8 agrees to both design and build a structure, a facility or other items
9 specified in the contract.

10 2. "Qualifications-based selection" means a process of entering into
11 and managing a contract between the district and another party in which the
12 other party is selected by the district on the basis of the party's
13 qualifications and experience in designing or constructing facilities,
14 structures or other items similar to those the district is authorized to
15 construct or lease. The other party may be selected by direct selection or
16 by public competition.

17 D. For purposes of financing, designing, constructing or operating
18 facilities or structures, the district is not the agent of any municipality
19 participating in the funding of such facilities or structures.

20 E. Subject to the requirements of title 4, the board of directors may
21 permit and regulate the sale, use and consumption of alcoholic beverages at
22 events held on property acquired, leased or subleased under this article.

23 Sec. 31. Section 48-4231, Arizona Revised Statutes, is amended to
24 read:

25 48-4231. County stadium district fund

26 A. The district treasurer shall maintain a county stadium district
27 fund consisting of all monies received by the district, including:

28 1. Payments received from leasing, subleasing or renting property
29 owned, leased or controlled by the district.

30 2. Revenues received by the district from admissions and concessions
31 and other proceeds from events held at a stadium owned or leased by the
32 district.

33 3. Monies received from issuing and selling bonds under article 3 of
34 this chapter.

35 4. Interest and other income received from investing monies in the
36 fund.

37 5. Gifts, grants and donations received for that purpose from any
38 public or private source.

39 B. Monies in the fund may be used for any lawful purpose of the
40 district.

41 C. The district treasurer may invest any unexpended monies in the fund
42 as provided in title 35, chapter 2. Notwithstanding section 35-323, the
43 district treasurer may invest and reinvest monies in the fund, other than
44 operating fund monies, in eligible investments with a maturity of greater
45 than five years. Interest and other income from investments shall be
46 credited to the fund. The district treasurer shall invest the monies so as
47 to mature at the times when the fund assets will be required for the purposes
48 of this article. If the liquid assets in the fund become insufficient to
49 meet the district's obligations, the board of directors shall direct the

1 district treasurer to liquidate sufficient securities to meet all of the
2 current obligations and immediately notify the auditor general of the
3 insufficiency, and the auditor general shall investigate and audit the
4 circumstances surrounding the depletion of the fund and report ~~his~~ THE
5 AUDITOR GENERAL'S findings to the board.

6 D. EXCEPT AS PROVIDED BY SECTION 48-4231.01, the board of directors
7 shall cause an annual audit to be conducted of the fund by an independent
8 certified public accountant within one hundred twenty days after the end of
9 the fiscal year. The board shall immediately file a certified copy of the
10 audit with the auditor general. The auditor general may make such further
11 audits and examinations as ~~he~~ THE AUDITOR GENERAL deems necessary, but if ~~he~~
12 THE AUDITOR GENERAL takes no official action within thirty days after the
13 audit is filed, the audit is deemed sufficient. The board of directors shall
14 pay all fees and costs of the certified public accountant and auditor general
15 under this subsection from the fund.

16 Sec. 32. Title 48, chapter 26, article 2, Arizona Revised Statutes, is
17 amended by adding section 48-4231.01, to read:

18 48-4231.01. Financial and performance audits of districts
19 owning multipurpose facilities; appearance before
20 joint committee on capital review

21 A. BEGINNING IN 2010 AND EVERY YEAR THEREAFTER, THE AUDITOR GENERAL
22 SHALL CONTRACT WITH AN INDEPENDENT AUDITOR TO CONDUCT A PERFORMANCE AUDIT AS
23 DEFINED IN SECTION 41-1278, INCLUDING A FINANCIAL AUDIT, OF EACH DISTRICT
24 ORGANIZED UNDER SECTION 48-4202, SUBSECTION B. THE INDEPENDENT AUDITOR MUST
25 HAVE NATIONAL STATUS WITH EXPERTISE IN EVALUATING PUBLIC CONSTRUCTION,
26 OWNERSHIP AND MANAGEMENT OF CAPITAL IMPROVEMENTS THAT INCLUDE HOSPITALITY,
27 CONVENTION AND SPORTS VENUE FACILITIES. THE AUDIT MUST BE COMPLETED WITHIN
28 ONE HUNDRED TWENTY DAYS AFTER THE END OF THE FISCAL YEAR.

29 B. THE AUDIT SHALL INCLUDE CONSIDERATION OF:

30 1. CAPITAL COSTS, INCLUDING DEBT SERVICE, OF THE MULTIPURPOSE FACILITY
31 AND OTHER ASSETS OF THE DISTRICT.

32 2. THE LEVEL OF THE DISTRICT'S INDEBTEDNESS, THE AMOUNT OF PRINCIPAL,
33 INTEREST AND OTHER DEBT SERVICE EXPENSES PAID IN THE PRECEDING FISCAL YEAR
34 AND THE REMAINING TERM TO MATURITY WITH RESPECT TO EACH OUTSTANDING BOND
35 ISSUE.

36 3. OPERATION AND MAINTENANCE COSTS OF THE MULTIPURPOSE FACILITY AND
37 OTHER ASSETS OF THE DISTRICT.

38 4. THE DISTRICT'S OVERALL EXPENDITURES IN THE PRECEDING FISCAL YEAR,
39 INCLUDING:

40 (a) THE LEVEL OF EXPENSES FOR ADMINISTRATION, PLANNING, TRAVEL AND
41 ENTERTAINMENT.

42 (b) THE SUCCESS OF THOSE EXPENDITURES IN SUPPORTING AND ACHIEVING THE
43 DISTRICT'S PURPOSES.

44 5. A DESCRIPTION OF AND THE AMOUNT OF MUNICIPAL PAYMENTS PURSUANT TO
45 SECTION 42-5031, SUBSECTION D DURING THE PRECEDING FISCAL YEAR AND THE
46 CUMULATIVE AMOUNT OF THOSE PAYMENTS THROUGH THE END OF THE PRECEDING FISCAL
47 YEAR.

48 6. THE PUBLIC USE OF EACH COMPONENT OF THE MULTIPURPOSE FACILITY.

1 7. REVENUES DERIVED FROM EACH COMPONENT OF THE MULTIPURPOSE FACILITY
2 AND OTHER REVENUES OF THE DISTRICT BY SOURCE.

3 8. DISTRICT PROJECTS THAT ARE CURRENTLY UNDER CONSTRUCTION AND THAT
4 ARE INCLUDED IN THE DISTRICT'S PLANS FOR CAPITAL IMPROVEMENTS AND INVESTMENT.

5 C. THE AUDIT SHALL MAKE FINDINGS AND RECOMMENDATIONS REGARDING THE
6 CONSTRUCTION, FINANCING, OPERATION AND MAINTENANCE OF EACH COMPONENT OF THE
7 MULTIPURPOSE FACILITY, INCLUDING WHETHER THE FACILITY EXCEEDS, MEETS OR FAILS
8 TO MEET NATIONALLY RECOGNIZED DESIGN AND PERFORMANCE STANDARDS.

9 D. THE DISTRICT AND THE BOARD OF DIRECTORS SHALL COOPERATE WITH AND
10 SUBMIT TO THE AUDITOR GENERAL AND THE AUDITOR CONTRACTED TO CONDUCT THE AUDIT
11 INFORMATION NECESSARY TO CONDUCT AND COMPLETE THE AUDIT IN A TIMELY MANNER.

12 E. WITHIN FORTY-FIVE DAYS AFTER THE AUDIT IS RELEASED, THE BOARD OF
13 DIRECTORS SHALL:

14 1. HOLD A PUBLIC HEARING ON THE AUDIT'S FINDINGS AND RECOMMENDATIONS
15 AND ALLOW ANY PERSON TO MAKE OR SUBMIT ORAL OR WRITTEN COMMENTS ON THE AUDIT.

16 2. BY MAJORITY VOTE ADOPT A PUBLIC RESPONSE AGREEING, AGREEING WITH
17 RESERVATIONS OR DISAGREEING WITH EACH FINDING AND RECOMMENDATION IN THE
18 AUDIT.

19 F. THE AUDITOR GENERAL SHALL DISTRIBUTE COPIES OF THE AUDIT AND THE
20 BOARD OF DIRECTOR'S RESPONSE TO:

21 1. THE MAYOR AND GOVERNING BODY OF THE MUNICIPALITY IN WHICH THE
22 DISTRICT IS LOCATED.

23 2. THE GOVERNOR.

24 3. THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF
25 REPRESENTATIVES.

26 4. THE DEPARTMENT OF REVENUE AND THE STATE TREASURER.

27 5. THE ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS.

28 6. ANY OTHER PERSON WHO REQUESTS A COPY OF THE AUDIT.

29 G. THE COST INCURRED BY THE AUDITOR GENERAL IN CONTRACTING WITH
30 INDEPENDENT AUDITORS UNDER THIS SECTION IS AN OPERATING EXPENSE OF THE
31 DISTRICT AND SHALL BE PAID FROM REVENUES PAYABLE TO THE DISTRICT PURSUANT TO
32 SECTION 42-5031. WHEN DUE, THE PAYMENTS HAVE PRIORITY OVER ANY OTHER
33 DISTRIBUTION AUTHORIZED BY SECTION 42-5031. THE AUDITOR GENERAL SHALL
34 DEPOSIT THE PAYMENTS IN THE AUDIT SERVICES REVOLVING FUND ESTABLISHED BY
35 SECTION 41-1279.06.

36 H. AT THE REQUEST OF THE CHAIRPERSON OF THE JOINT COMMITTEE ON CAPITAL
37 REVIEW, THE EXECUTIVE DIRECTOR OR A REPRESENTATIVE OF THE BOARD OF DIRECTORS
38 SHALL APPEAR BEFORE THE JOINT COMMITTEE ON CAPITAL REVIEW TO REPORT ON ANY
39 ASPECT OF THE DISTRICT'S OPERATION, INCLUDING THE ACTIVITIES AND FINANCIAL
40 PERFORMANCE OF THE DISTRICT DURING THE PREVIOUS FISCAL YEAR, THE DISTRICT'S
41 PLANS FOR CAPITAL IMPROVEMENTS AND INVESTMENT AND THE DISTRICT'S RESPONSE TO
42 THE AUDIT CONDUCTED UNDER THIS SECTION.

43 Sec. 33. Section 48-4237, Arizona Revised Statutes, is amended to
44 read:

45 48-4237. Transaction privilege tax: multipurpose facilities:
46 rate: administration

47 A. The board of directors of a district established pursuant to
48 section 48-4202, subsection B by resolution may seek authority for the
49 district to levy a transaction privilege tax for multipurpose facilities or

1 other taxes or charges pursuant to subsection E of this section, in addition
2 to or in lieu of other revenues collected pursuant to this article, to be
3 used and spent for the purposes described in section 48-4204, subsection B
4 for the multipurpose facilities.

5 B. The board of directors shall present the question to the governing
6 bodies of the participating municipalities. The district is exempt from
7 section 16-226. The governing body of each municipality by resolution may
8 approve the district's request to place a question seeking authority for the
9 district to levy a multipurpose facilities district transaction privilege tax
10 solely within the district, or to impose other taxes or charges pursuant to
11 subsection E of this section on the ballot of an election pursuant to this
12 section held on the same date or on the same ballot as the regularly
13 scheduled election of one or more of the participating municipalities or the
14 state or on any of the four dates prescribed by section 16-204. If the
15 governing body of each municipality approves the district's request for an
16 election, and if a majority of the qualified electors from each municipality
17 voting at the election approves the multipurpose facilities district
18 transaction privilege tax or other taxes or charges pursuant to subsection E
19 of this section, the board by resolution may levy and, if levied, the
20 department of revenue shall collect a transaction privilege tax solely within
21 the district pursuant to this section or other taxes or charges pursuant to
22 subsection E of this section to be used and spent for the purposes described
23 in section 48-4204, subsection B for the multipurpose facilities. If a
24 question fails to receive a majority approval among the voters in one
25 municipality, but receives a majority approval among the voters in at least
26 two other municipalities, the governing bodies of the approving
27 municipalities, by majority vote of each governing body, may elect to form a
28 new district and authorize the district to levy the tax solely within the
29 boundaries of the new district subject to the conditions authorized by the
30 voters in the election.

31 C. The board shall state on the ballot the purpose of the tax, the
32 maximum rate of the tax and the maximum number of years for which the tax
33 will be authorized. The tax shall terminate upon the expiration of the years
34 authorized or the completion of the purpose specified in the ballot,
35 whichever is earlier. The rate of tax shall not exceed the limits prescribed
36 by this section. The ballot question may propose to authorize the district
37 to levy and collect taxes and charges pursuant to subsection E of this
38 section.

39 D. The board shall set the rate of the tax at not more than five per
40 cent of the transaction privilege tax rate prescribed by section 42-5010,
41 subsection A applying on January 1, 1990 to each person engaging or
42 continuing in the district in a business taxed under title 42, chapter 5,
43 article 1, or in the case of persons subject to the tax imposed under section
44 42-5352, subsection A, at a rate of not more than .1525 cents per gallon of
45 jet fuel sold.

46 E. If authorized by an election held pursuant to this section, the
47 board may:

1 1. Pledge all or part of the revenues from a tax under this section to
2 secure the district's bonds or other financial obligations issued or incurred
3 under this chapter for the multipurpose facilities.

4 2. Pledge all or part of the incremental increase in the municipal
5 transaction privilege taxes generated in all or a designated geographic area
6 of the district during a period of time before, during and after any
7 specified national championship sporting event or international games hosted
8 in the multipurpose facilities to secure the district's bonds or other
9 financial obligations issued or incurred under this chapter for the
10 construction of the multipurpose facilities.

11 3. Impose a surcharge pursuant to the procedures and limits of section
12 48-4234 in all or a designated geographic area of the district during a
13 period of time before, during and after any specified national championship
14 sporting event or international games hosted in the multipurpose facilities
15 except that a car rental surcharge imposed pursuant to this paragraph shall
16 not apply to the lease or rental of a motor vehicle as a replacement vehicle
17 owned by the lessee for personal use. For the purposes of this paragraph,
18 "replacement vehicle" means a vehicle loaned by a motor vehicle repair
19 facility or dealer, or that an individual rents temporarily, to use while a
20 vehicle owned by the individual is not in use because of breakdown, repair,
21 service, damage, or loss as defined in the individual's applicable private
22 passenger automobile insurance policy.

23 4. Levy and, if levied, the department of revenue shall collect a tax
24 at a rate of not to exceed one per cent of the gross proceeds of sales or
25 gross income from the business of every person engaging or continuing in the
26 district in a business taxed under sections 42-5070 and 42-5074 during a
27 period of time before, during and after any specified national championship
28 sporting event or international games hosted in the multipurpose facilities
29 to secure the district's bonds or other financial obligations issued or
30 incurred under this chapter for the construction of the multipurpose
31 facilities.

32 5. Use amounts paid to the district pursuant to section 42-5031 and
33 received from the multipurpose facility site the boundaries or boundary
34 amendment of which are described in the publicity pamphlet as allowed by
35 law, ~~including securing~~ ONLY TO PAY PRINCIPAL, INTEREST, REDEMPTION COSTS AND
36 OTHER DEBT SERVICE OBLIGATIONS FOR the district's bonds or other financial
37 obligations issued or incurred under this chapter ~~for the construction of the~~
38 ~~multipurpose facilities which are owned by the district or which are publicly~~
39 ~~owned~~ BEFORE JULY 1, 2009.

40 F. Unless the context otherwise requires, section 42-6102 governs the
41 administration of any tax imposed under this section.

42 G. Each month the state treasurer shall remit to the district
43 treasurer the net revenues collected under this section during the second
44 preceding month. The district treasurer shall deposit the monies in the
45 stadium district fund. Revenues from a tax under this section shall not be
46 commingled with revenues collected pursuant to this article for any other
47 purpose but shall be separately accounted for and used solely with respect to
48 uses authorized in section 48-4204, subsection B.

1 H. In addition to other requirements prescribed by law, the board
2 shall prepare, print and distribute publicity pamphlets concerning the
3 proposed issue to be submitted to the voters. The board shall distribute one
4 copy of the publicity pamphlet at least ten but not more than thirty days
5 before the election to each household containing a registered voter in the
6 district. The publicity pamphlet shall contain all of the following:

7 1. The date of the election.
8 2. The location of the polling places and the times the polling places
9 will be open.

10 3. A true copy of the title and text of the resolution proposing the
11 tax.

12 4. A summary of the purposes for which the tax is proposed to be
13 levied and a description of the multipurpose facilities.

14 5. The estimated cost of the multipurpose facility to be financed.

15 6. An estimate of the annual amount of revenues to be raised from the
16 proposed tax.

17 7. The geographic area, time period and amount of any tax, tax
18 distribution, or surcharge proposed under subsection E of this section.

19 Sec. 34. Section 48-4251, Arizona Revised Statutes, is amended to
20 read:

21 48-4251. County stadium district bonds

22 A. The district, through the board of directors, may:

23 1. Issue negotiable county stadium district bonds in a principal
24 amount as in its opinion is necessary to provide sufficient monies for its
25 activities under section 48-4204, maintaining sufficient reserves in the
26 county stadium district fund to secure the bonds, to pay the necessary costs
27 of issuing, selling and redeeming the bonds and to pay the other expenditures
28 of the district incidental to and necessary and convenient to carry out the
29 purposes of this chapter.

30 2. Refund any bonds issued whether or not the bonds are subject to
31 redemption at that time. The board may provide for investing and holding the
32 proceeds of the refunding bonds in trust for the benefit of the holders of
33 the bonds being refunded.

34 B. The board shall authorize the bonds by resolution. The resolution
35 shall prescribe:

36 1. The rate or rates of interest and the denominations of the bonds.

37 2. The date or dates of the bonds and their maturity.

38 3. The form of the bonds.

39 4. The manner of executing the bonds.

40 5. The medium and place of payment.

41 6. The terms of redemption which may provide for a premium for early
42 redemption.

43 C. The bonds shall be sold at public or private sale or through an
44 ~~on-line~~ ONLINE bidding process at the price and on the terms determined by
45 the board. If bonds are sold through an ~~on-line~~ ONLINE bidding process, bids
46 for the bonds that are entered into the system may be concealed until a
47 specified time or disclosed in the ~~on-line~~ ONLINE bidding process, may be
48 subject to improvement in favor of the district before a specified time and
49 may be for an entire issue of bonds or specified maturities according to the

1 manner, terms and notice provisions ordered by the board. All proceeds from
2 issuing the bonds shall be deposited in the county stadium district fund.
3 For THE purposes of this subsection, "~~on-line~~ ONLINE bidding process" means a
4 procurement process in which the board of directors receives bids
5 electronically over the internet in a real-time, competitive bidding event.

6 D. To secure the principal and interest on the bonds the board may by
7 resolution:

8 1. Divide the county stadium district fund into any number of accounts
9 or subaccounts deemed necessary to secure bonds or other obligations of the
10 district. Any of the accounts or subaccounts may be pledged or assigned to
11 the bondholders as security for the bonds or to a trustee who may be
12 appointed to act on behalf of the bondholders.

13 2. Provide that bonds issued under this section may be secured by a
14 first lien on all or part of the monies paid into the county stadium district
15 fund or into any account or subaccount of the fund.

16 3. Pledge or assign to or in trust for the benefit of bondholders any
17 part of the monies in the county stadium district fund or an account or
18 subaccount as is necessary to pay and secure payment of the principal of, or
19 interest and premium, if any, on, the bonds as they come due, EXCEPT THAT
20 MONIES PAID TO THE DISTRICT PURSUANT TO SECTION 42-5031 MAY ONLY BE USED WITH
21 RESPECT TO BONDS THAT WERE ISSUED BEFORE JULY 1, 2009.

22 4. Establish priorities among bondholders based on criteria adopted by
23 the board of directors.

24 5. Set aside, regulate and dispose of reserves and sinking accounts.

25 6. Provide that the proceeds from the sale of the bonds, from the
26 taxes and surcharges levied pursuant to article 2 of this chapter or from any
27 other revenues of the district may be used to fully or partly fund any
28 reserves or sinking funds established by the bond resolution.

29 7. Prescribe the procedure, if any, by which the terms of any contract
30 with bondholders may be amended or abrogated, the amount of bonds the holders
31 of which must consent to and the manner in which consent may be given.

32 8. Provide for payment, from the proceeds of the sale of the bonds or
33 from other district income or revenues, of all legal and financial expenses
34 incurred by the board in issuing, selling, delivering and paying the bonds
35 and engineering and architectural expenses incurred by the board in designing
36 and constructing the stadium.

37 9. Provide for payment of all fees, premiums, charges or costs
38 pertaining to bond insurance, credit enhancement, liquidity enhancement or
39 any other facility or security deemed necessary by the board to better secure
40 the bonds.

41 10. Provide for the services of trustees, ~~co-trustees~~ COTRUSTEES,
42 agents, consultants and other specialized services with respect to the
43 bonds.

44 11. Place any restrictions on reinvestment yield on the bonds or on any
45 monies pledged to pay the bonds if necessary to comply with federal income
46 tax laws and regulations to gain any federal tax benefits available with
47 respect to the bonds.

48 12. Pay any rebates necessary to preserve the bonds' tax exempt status
49 under federal income tax laws.

