

State of Arizona  
Senate  
Forty-ninth Legislature  
Third Special Session  
2009

# SENATE BILL 1029

## AN ACT

REPEALING SECTION 15-994, ARIZONA REVISED STATUTES; AMENDING SECTIONS 41-1276, 43-1011 AND 43-1111, ARIZONA REVISED STATUTES; PROPOSING AMENDMENTS TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IV, PART 1, CONSTITUTION OF ARIZONA, BY ADDING SECTION 1.1; AMENDING ARTICLE IX, CONSTITUTION OF ARIZONA, BY ADDING SECTION 3.1; PROVIDING FOR CONDITIONAL REFERENDUM; PROVIDING FOR A SPECIAL ELECTION; RELATING TO STATE BUDGET AND REVENUES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Repeal

3 Section 15-994, Arizona Revised Statutes, is repealed.

4 Sec. 2. Section 41-1276, Arizona Revised Statutes, is amended to read:

5 41-1276. Truth in taxation levy for equalization assistance to  
6 school districts

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

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

13 2. The chairmen of the appropriations committees of the senate and the  
14 house of representatives or their successor committees.

15 B. The truth in taxation rates consist of the qualifying tax rate for  
16 a high school district or a common school district within a high school  
17 district that does not offer instruction in high school subjects pursuant to  
18 section 15-971, subsection B, paragraph 1, ~~AND~~ a qualifying tax rate for a  
19 unified district, a common school district not within a high school district  
20 or a common school district within a high school district that offers  
21 instruction in high school subjects pursuant to section 15-971, subsection B,  
22 paragraph 2 ~~and a state equalization assistance property tax rate pursuant to~~  
23 ~~section 15-994~~ that will offset the change in net assessed valuation of  
24 property that was subject to tax in the prior year.

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

27 1. Determine the statewide primary net assessed value for the  
28 preceding tax year as provided in section 42-17151, subsection A,  
29 paragraph 3.

30 2. Determine the statewide primary net assessed value for the current  
31 tax year, excluding the net assessed value of property that was not subject  
32 to tax in the preceding year.

33 3. Divide the amount determined in paragraph 1 of this subsection by  
34 the amount determined in paragraph 2 of this subsection.

35 4. Adjust the qualifying tax rates ~~and the state equalization~~  
36 ~~assistance property tax rate~~ for the current fiscal year by the percentage  
37 determined in paragraph 3 of this subsection in order to offset the change in  
38 net assessed value.

39 D. Except as provided in subsections E and G of this section, the  
40 qualifying tax rate for a high school district or a common school district  
41 within a high school district that does not offer instruction in high school  
42 subjects, ~~AND~~ the qualifying tax rate for a unified school district, a  
43 common school district not within a high school district or a common school  
44 district within a high school district that offers instruction in high school  
45 subjects ~~and the state equalization assistance property tax rate~~ for the

1 following fiscal year shall be the rate determined by the joint legislative  
2 budget committee pursuant to subsection C of this section. The committee  
3 shall transmit the rates to the superintendent of public instruction and the  
4 county boards of supervisors by March 15 each year.

5 E. If the legislature proposes ~~either~~ qualifying tax rates ~~or a state~~  
6 ~~equalization assistance property tax rate~~ that exceeds EXCEED the truth in  
7 taxation rate:

8 1. The house of representatives ways and means committee and the  
9 senate finance committee or their successor committees shall hold a joint  
10 hearing on or before February 28 and publish a notice of a truth in taxation  
11 hearing that meets the following requirements:

12 (a) The notice shall be published twice in a newspaper of general  
13 circulation in this state that is published at the state capital. The first  
14 publication shall be at least fourteen but not more than twenty days before  
15 the date of the hearing. The second publication shall be at least seven but  
16 not more than ten days before the date of the hearing.

17 (b) The notice shall be published in a location other than the  
18 classified or legal advertising section of the newspaper.

19 (c) The notice shall be at least one-fourth page in size and shall be  
20 surrounded by a solid black border at least one-eighth inch in width.

21 (d) The notice shall be in the following form, with the "truth in  
22 taxation hearing - notice of tax increase" headline in at least eighteen  
23 point type:

24 Truth in Taxation Hearing  
25 Notice of Tax Increase

26 In compliance with section 41-1276, Arizona Revised  
27 Statutes, the state legislature is notifying property taxpayers  
28 in Arizona of the legislature's intention to raise the property  
29 tax levy over last year's level.

30 The proposed tax increase will cause the taxes on a  
31 \$100,000 home to increase by \$\_\_\_\_\_.

32 All interested citizens are invited to attend a public  
33 hearing on the tax increase that is scheduled to be held  
34 \_\_\_\_\_ (date and time) at \_\_\_\_\_ (location).

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

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

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

6 G. Notwithstanding any other law, the legislature shall not adopt a  
7 state budget that provides for ~~either~~ qualifying tax rates pursuant to  
8 section 15-971 ~~or a state equalization assistance property tax rate pursuant~~  
9 ~~to section 15-994~~ that ~~exceeds~~ EXCEED the truth in taxation rates computed  
10 pursuant to subsection A of this section unless the rates are adopted by a  
11 concurrent resolution approved by an affirmative roll call vote of two-thirds  
12 of the members of each house of the legislature before the legislature enacts  
13 the general appropriations bill. If the resolution is not approved by  
14 two-thirds of the members of each house of the legislature, the rates for the  
15 following fiscal year shall be the truth in taxation rates determined  
16 pursuant to subsection C of this section and shall be transmitted to the  
17 superintendent of public instruction and the county boards of supervisors.

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

24 I. Pursuant to subsection C of this section, the qualifying tax rate  
25 in tax year ~~2008~~ 2009 for a high school district or a common school district  
26 within a high school district that does not offer instruction in high school  
27 subjects as provided in section 15-447 is ~~\$1.4622~~ \$1.3726 and for a unified  
28 school district, a common school district not within a high school district  
29 or a common school district within a high school district that offers  
30 instruction in high school subjects as provided in section 15-447 is ~~\$2.9244~~  
31 \$2.7452. ~~The state equalization assistance property tax rate in tax years~~  
32 ~~2006, 2007 and 2008 is zero. The state equalization assistance property tax~~  
33 ~~rate in tax year 2009 shall be computed by annually adjusting the tax year~~  
34 ~~2005 rate of \$0.4358 as provided by this section through tax year 2009.~~

35 Sec. 3. Section 43-1011, Arizona Revised Statutes, is amended to read:

36 43-1011. Taxes and tax rates

37 There shall be levied, collected and paid for each taxable year upon  
38 the entire taxable income of every resident of this state and upon the entire  
39 taxable income of every nonresident which is derived from sources within this  
40 state taxes determined in the following manner:

41 1. For taxable years beginning from and after December 31, 1996  
42 through December 31, 1997:

1 (a) In the case of a single person or a married person filing  
 2 separately:

3	<u>If taxable income is:</u>	<u>The tax is:</u>
4	\$0 - \$10,000	2.90% of taxable income
5	\$10,001 - \$25,000	\$290, plus 3.30% of the excess over \$10,000
6	\$25,001 - \$50,000	\$785, plus 3.90% of the excess over \$25,000
7	\$50,001 - \$150,000	\$1,760, plus 4.80% of the excess over \$50,000
8	\$150,001 and over	\$6,560, plus 5.17% of the excess over \$150,000

9 (b) In the case of a married couple filing a joint return or a single  
 10 person who is a head of a household:

11	<u>If taxable income is:</u>	<u>The tax is:</u>
12	\$0 - \$20,000	2.90% of taxable income
13	\$20,001 - \$50,000	\$580, plus 3.30% of the excess over \$20,000
14	\$50,001 - \$100,000	\$1,570, plus 3.90% of the excess over \$50,000
15	\$100,001 - \$300,000	\$3,520, plus 4.80% of the excess over \$100,000
16	\$300,001 and over	\$13,120, plus 5.17% of the excess over \$300,000

17 2. For taxable years beginning from and after December 31, 1997  
 18 through December 31, 1998:

19 (a) In the case of a single person or a married person filing  
 20 separately:

21	<u>If taxable income is:</u>	<u>The tax is:</u>
22	\$0 - \$10,000	2.88% of taxable income
23	\$10,001 - \$25,000	\$288, plus 3.24% of the excess over \$10,000
24	\$25,001 - \$50,000	\$774, plus 3.82% of the excess over \$25,000
25	\$50,001 - \$150,000	\$1,729, plus 4.74% of the excess over \$50,000
26	\$150,001 and over	\$6,469, plus 5.10% of the excess over \$150,000

27 (b) In the case of a married couple filing a joint return or a single  
 28 person who is a head of a household:

29	<u>If taxable income is:</u>	<u>The tax is:</u>
30	\$0 - \$20,000	2.88% of taxable income
31	\$20,001 - \$50,000	\$576, plus 3.24% of the excess over \$20,000
32	\$50,001 - \$100,000	\$1,548, plus 3.82% of the excess over \$50,000
33	\$100,001 - \$300,000	\$3,458, plus 4.74% of the excess over \$100,000
34	\$300,001 and over	\$12,938, plus 5.10% of the excess over \$300,000

35 3. For taxable years beginning from and after December 31, 1998  
 36 through December 31, 2005:

37 (a) In the case of a single person or a married person filing  
 38 separately:

39	<u>If taxable income is:</u>	<u>The tax is:</u>
40	\$0 - \$10,000	2.87% of taxable income
41	\$10,001 - \$25,000	\$287, plus 3.20% of the excess over \$10,000
42	\$25,001 - \$50,000	\$767, plus 3.74% of the excess over \$25,000
43	\$50,001 - \$150,000	\$1,702, plus 4.72% of the excess over \$50,000
44	\$150,001 and over	\$6,422, plus 5.04% of the excess over \$150,000

1 (b) In the case of a married couple filing a joint return or a single  
2 person who is a head of a household:

3 If taxable income is: The tax is:

4 \$0 - \$20,000	2.87% of taxable income
5 \$20,001 - \$50,000	\$574, plus 3.20% of the excess over \$20,000
6 \$50,001 - \$100,000	\$1,534, plus 3.74% of the excess over \$50,000
7 \$100,001 - \$300,000	\$3,404, plus 4.72% of the excess over \$100,000
8 \$300,001 and over	\$12,844, plus 5.04% of the excess over \$300,000

9 4. For taxable years beginning from and after December 31, 2005  
10 through December 31, 2006:

11 (a) In the case of a single person or a married person filing  
12 separately:

13 If taxable income is: The tax is:

14 \$0 - \$10,000	2.73% of taxable income
15 \$10,001 - \$25,000	\$273, plus 3.04% of the excess over \$10,000
16 \$25,001 - \$50,000	\$729, plus 3.55% of the excess over \$25,000
17 \$50,001 - \$150,000	\$1,617, plus 4.48% of the excess over \$50,000
18 \$150,001 and over	\$6,097, plus 4.79% of the excess over \$150,000

19 (b) In the case of a married couple filing a joint return or a single  
20 person who is a head of a household:

21 If taxable income is: The tax is:

22 \$0 - \$20,000	2.73% of taxable income
23 \$20,001 - \$50,000	\$546, plus 3.04% of the excess over \$20,000
24 \$50,001 - \$100,000	\$1,458, plus 3.55% of the excess over \$50,000
25 \$100,001 - \$300,000	\$3,233, plus 4.48% of the excess over \$100,000
26 \$300,001 and over	\$12,193, plus 4.79% of the excess over \$300,000

27 5. For taxable years beginning from and after December 31, 2006  
28 THROUGH DECEMBER 31, 2010:

29 (a) In the case of a single person or a married person filing  
30 separately:

31 If taxable income is: The tax is:

32 \$0 - \$10,000	2.59% of taxable income
33 \$10,001 - \$25,000	\$259, plus 2.88% of the excess over \$10,000
34 \$25,001 - \$50,000	\$691, plus 3.36% of the excess over \$25,000
35 \$50,001 - \$150,000	\$1,531, plus 4.24% of the excess over \$50,000
36 \$150,001 and over	\$5,771, plus 4.54% of the excess over \$150,000

37 (b) In the case of a married couple filing a joint return or a single  
38 person who is a head of a household:

39 If taxable income is: The tax is:

40 \$0 - \$20,000	2.59% of taxable income
41 \$20,001 - \$50,000	\$518, plus 2.88% of the excess over \$20,000
42 \$50,001 - \$100,000	\$1,382, plus 3.36% of the excess over \$50,000
43 \$100,001 - \$300,000	\$3,062, plus 4.24% of the excess over \$100,000
44 \$300,001 and over	\$11,542, plus 4.54% of the excess over \$300,000

1 6. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2010:  
2 (a) IN THE CASE OF A SINGLE PERSON OR A MARRIED PERSON FILING  
3 SEPARATELY:

4	<u>IF TAXABLE INCOME IS:</u>	<u>THE TAX IS:</u>
5	\$0 - \$10,000	2.42% OF TAXABLE INCOME
6	\$10,001 - \$25,000	\$242, PLUS 2.69% OF THE EXCESS OVER \$10,000
7	\$25,001 - \$50,000	\$645, PLUS 3.14% OF THE EXCESS OVER \$25,000
8	\$50,001 - \$150,000	\$1,430, PLUS 3.96% OF THE EXCESS OVER \$50,000
9	\$150,001 AND OVER	\$5,390, PLUS 4.24% OF THE EXCESS OVER \$150,000

10 (b) IN THE CASE OF A MARRIED COUPLE FILING A JOINT RETURN OR A SINGLE  
11 PERSON WHO IS A HEAD OF A HOUSEHOLD:

12	<u>IF TAXABLE INCOME IS:</u>	<u>THE TAX IS:</u>
13	\$0 - \$20,000	2.42% OF TAXABLE INCOME
14	\$20,001 - \$50,000	\$484, PLUS 2.69% OF THE EXCESS OVER \$20,000
15	\$50,001 - \$100,000	\$1,290, PLUS 3.14% OF THE EXCESS OVER \$50,000
16	\$100,001 - \$300,000	\$2,860, PLUS 3.96% OF THE EXCESS OVER \$100,000
17	\$300,001 AND OVER	\$10,780, PLUS 4.24% OF THE EXCESS OVER \$300,000

18 Sec. 4. Section 43-1111, Arizona Revised Statutes, is amended to read:  
19 43-1111. Tax rates for corporations

20 There shall be levied, collected and paid for each taxable year upon  
21 the entire Arizona taxable income of every corporation, unless exempt under  
22 section 43-1126 or 43-1201 or as otherwise provided in this title or by law,  
23 taxes in an amount of ~~6.968 per cent of net income or fifty dollars,~~  
24 ~~whichever is greater.~~ THE GREATER OF FIFTY DOLLARS OR:

25 1. FOR TAXABLE YEARS THROUGH DECEMBER 31, 2010, 6.968 PER CENT OF NET  
26 INCOME.

27 2. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2010, 4.86  
28 PER CENT OF NET INCOME.

29 Sec. 5. Subject to section 7 of this act, article IV, part 1,  
30 Constitution of Arizona, is proposed as a separate ballot proposition to be  
31 amended by adding section 1.1 as follows if approved by the voters and on  
32 proclamation of the Governor:

33 1.1. Temporary suspension of limitations on legislature's  
34 power to appropriate or divert funds created by  
35 initiative or referendum; repeal July 1, 2013

36 SECTION 1.1. A. NOTWITHSTANDING ARTICLE IV, PART 1,  
37 SECTION 1, SUBSECTION (6), PARAGRAPH (D), IN FISCAL YEARS  
38 2010-2011, 2011-2012 AND 2012-2013, ON A MAJORITY VOTE OF EACH  
39 HOUSE, THE LEGISLATURE MAY APPROPRIATE OR DIVERT FUNDS CREATED  
40 OR ALLOCATED TO A SPECIFIC PURPOSE BY AN INITIATIVE OR  
41 REFERENDUM MEASURE REGARDLESS OF WHETHER THE APPROPRIATION OR  
42 DIVERSION FURTHERS THE PURPOSE OF THE MEASURE. MONIES  
43 APPROPRIATED OR DIVERTED PURSUANT TO THIS SECTION SHALL NOT BE  
44 CONSIDERED TO BE WITHIN THE LIMITATION PRESCRIBED BY ARTICLE IX,  
45 SECTION 3.1, SUBSECTION C.

1           B. THIS SECTION IS REPEALED JULY 1, 2013.

2           Sec. 6. Subject to section 7 of this act, article IX, Constitution of  
3 Arizona, is proposed as a separate ballot proposition to be amended by adding  
4 section 3.1 as follows if approved by the voters and on proclamation of the  
5 Governor:

6           3.1. Arizona state budget stabilization act; temporary  
7                 state transaction privilege and use taxes; maximum  
8                 general fund appropriations; expiration of tax  
9                 December 31, 2012

10           SECTION 3.1. A. THIS SECTION SHALL BE KNOWN AS THE  
11 ARIZONA STATE BUDGET STABILIZATION ACT. THE ACT ADDRESSES THE  
12 STATE BUDGET CRISIS FOR THE NEXT THREE STATE FISCAL YEARS  
13 THROUGH A COORDINATED STRATEGY OF:

14           1. TEMPORARILY INCREASING STATE REVENUES THROUGH A  
15 THREE-YEAR STATE TRANSACTION PRIVILEGE TAX PURSUANT TO  
16 SUBSECTION B OF THIS SECTION TO HELP FUND PRIMARY AND SECONDARY  
17 EDUCATION, HEALTH AND HUMAN SERVICES AND PUBLIC SAFETY.

18           2. TEMPORARILY RESTRAINING THE GROWTH OF STATE GOVERNMENT  
19 APPROPRIATIONS FROM THE STATE GENERAL FUND FOR THREE STATE  
20 FISCAL YEARS.

21           B. A TAX IS LEVIED FOR THE PURPOSE OF FUNDING PRIMARY AND  
22 SECONDARY EDUCATION, HEALTH AND HUMAN SERVICES AND PUBLIC  
23 SAFETY. THE TAX IS IMPOSED ON THE PRIVILEGE OF ENGAGING IN  
24 BUSINESS ACTIVITIES IN THIS STATE AND ON THE STORAGE, USE OR  
25 CONSUMPTION OF TANGIBLE PERSONAL PROPERTY IN THIS STATE AS  
26 FOLLOWS:

27           1. THE TAX IS LEVIED AND SHALL BE COLLECTED BEGINNING  
28 JANUARY 1, 2010 AND SHALL CONTINUE FOR THIRTY-SIX CONSECUTIVE  
29 CALENDAR MONTHS, AFTER WHICH THE TAX EXPIRES ON DECEMBER 31,  
30 2012.

31           2. THE TAX IS LEVIED AS A SEPARATE RATE INCREMENT IN  
32 ADDITION TO THE STATE TRANSACTION PRIVILEGE TAX AND USE TAX  
33 RATES. THE RATE OF TAX IS:

34           (a) FOR THE FIRST TWENTY-FOUR MONTHS THAT THE TAX IS IN  
35 EFFECT, ONE PER CENT OF:

36           (i) THE TAX BASE FOR EACH RESPECTIVE TRANSACTION  
37 PRIVILEGE TAX CLASSIFICATION THAT IS SUBJECT TO A RATE OF FIVE  
38 PER CENT OR MORE OF GROSS PROCEEDS OF SALES OR GROSS INCOME  
39 PURSUANT TO STATE LAW ON THE EFFECTIVE DATE OF THIS SECTION.

40           (ii) THE SALES PRICE OR COST OF TANGIBLE PERSONAL  
41 PROPERTY SUBJECT TO USE TAX PURSUANT TO STATE LAW ON THE  
42 EFFECTIVE DATE OF THIS SECTION.

43           (b) FOR THE NEXT TWELVE MONTHS THAT THE TAX IS IN EFFECT,  
44 ONE-HALF OF ONE PER CENT OF:

1 (i) THE TAX BASE FOR EACH RESPECTIVE TRANSACTION  
2 PRIVILEGE TAX CLASSIFICATION THAT IS SUBJECT TO A RATE OF FIVE  
3 PER CENT OR MORE OF GROSS PROCEEDS OF SALES OR GROSS INCOME  
4 PURSUANT TO STATE LAW ON THE EFFECTIVE DATE OF THIS SECTION.

5 (ii) THE SALES PRICE OR COST OF TANGIBLE PERSONAL  
6 PROPERTY SUBJECT TO USE TAX PURSUANT TO STATE LAW ON THE  
7 EFFECTIVE DATE OF THIS SECTION.

8 3. THE TAX IS SUBJECT TO THE SAME EXEMPTIONS, DEDUCTIONS  
9 AND OTHER TAX REDUCTION FEATURES AS PROVIDED BY LAW FOR EACH TAX  
10 CLASSIFICATION.

11 4. THE NET REVENUES DERIVED FROM THE TAX IMPOSED BY THIS  
12 SUBSECTION ARE NOT SUBJECT TO DISTRIBUTION TO COUNTIES,  
13 MUNICIPALITIES OR OTHER GOVERNMENTAL ENTITIES BUT SHALL BE  
14 CREDITED TO, AND SEPARATELY ACCOUNTED FOR IN, THE STATE GENERAL  
15 FUND AND APPROPRIATED AS FOLLOWS:

16 (a) TWO-THIRDS OF THE REVENUES SHALL BE APPROPRIATED FOR  
17 PUBLIC PRIMARY AND SECONDARY EDUCATION.

18 (b) ONE-THIRD OF THE REVENUES SHALL BE APPROPRIATED FOR  
19 HEALTH AND HUMAN SERVICES AND PUBLIC SAFETY PURPOSES.

20 5. THE TAXES UNDER THIS SUBSECTION ARE DUE AND PAYABLE AT  
21 THE SAME TIME AND IN THE SAME MANNER, AND ARE SUBJECT TO THE  
22 SAME PROVISIONS FOR ADMINISTRATION AND ENFORCEMENT, AS PROVIDED  
23 BY LAW FOR OTHER TRANSACTION PRIVILEGE AND USE TAXES.

24 6. THE TAXES UNDER THIS SUBSECTION DO NOT APPLY WITH  
25 RESPECT TO CONTRACTS ENTERED INTO BY PRIME CONTRACTORS OR  
26 PURSUANT TO WRITTEN BIDS MADE BY PRIME CONTRACTORS BEFORE THE  
27 EFFECTIVE DATE OF THIS SECTION IF THE CONTRACTOR MAINTAINS  
28 SUFFICIENT DOCUMENTATION TO VERIFY THE DATE OF THE CONTRACT OR  
29 BID.

30 7. THE EXPIRATION OF THE TAX UNDER PARAGRAPH 1 OF THIS  
31 SUBSECTION DOES NOT AFFECT THE CONTINUING VALIDITY OF  
32 OUTSTANDING AND UNPAID TAX OBLIGATIONS THAT ACCRUE UNDER THIS  
33 SUBSECTION, INCLUDING ANY PENALTIES AND INTEREST THAT ACCRUE  
34 THEREAFTER BY LAW ON THE UNPAID OBLIGATIONS.

35 C. NOTWITHSTANDING SECTION 17 OF THIS ARTICLE OR ANY  
36 OTHER PROVISION OF LAW, IN FISCAL YEARS 2010-2011, 2011-2012 AND  
37 2012-2013, THE LEGISLATURE SHALL NOT APPROPRIATE AN AMOUNT OF  
38 STATE GENERAL FUND REVENUES IN EXCESS OF \$10,200,000,000.  
39 MONIES APPROPRIATED FOR INMATE POPULATION GROWTH, PUBLIC PRIMARY  
40 AND SECONDARY EDUCATION STUDENT GROWTH AND PROGRAMS APPROVED BY  
41 THE VOTERS OR REQUIRED BY FEDERAL LAW THAT EXCEED THOSE  
42 APPROPRIATIONS MADE IN FISCAL YEAR 2009-2010 ARE NOT CONSIDERED  
43 TO BE WITHIN THE LIMITATION PRESCRIBED BY THIS SUBSECTION.

44 D. THIS SECTION IS REPEALED JULY 1, 2013.

1           Sec. 7. Conditional referendum

2           A. Subject to subsection B of this section, under the power of the  
3 referendum, as vested in the Legislature, sections 5 and 6 of this act are  
4 proposed to become valid as law if approved by the voters and on proclamation  
5 of the Governor.

6           B. The Secretary of State shall submit sections 5 and 6 of this act to  
7 the voters as separate ballot propositions at a special election called to be  
8 held for that purpose on November 3, 2009 as provided by article XXI,  
9 Constitution of Arizona, only if both of the following occur:

10           1. Sections 1 through 4 of this act are approved by the Governor and  
11 become law.

12           2. The following bills of the forty-ninth legislature, third special  
13 session, are enacted into law:

14           (a) Senate Bill 1021.

15           (b) Senate Bill 1022.

16           (c) Senate Bill 1023.

17           (d) Senate Bill 1024.

18           (e) Senate Bill 1025.

19           (f) Senate Bill 1026.

20           (g) Senate Bill 1027.

21           (h) Senate Bill 1028.

22           (i) Senate Bill 1020, without any item of this enactment having been  
23 subject to objection by the Governor in a line-item veto as provided in  
24 article V, section 7, Constitution of Arizona.

25           C. The enactment of sections 1 through 4 and section 8 in this act  
26 does not constitute a submission of those provisions to the voters under the  
27 power of the referendum.

28           Sec. 8. Special election

29           A. Under the authority of and in accordance with article XXI, section  
30 1, Constitution of Arizona, a special election is called to be held November  
31 3, 2009 and to be conducted by the officers conducting regular elections.

32           B. The purpose of the special election is to submit to a vote of the  
33 people certain amendments to the Constitution of Arizona that are proposed by  
34 the forty-ninth legislature, third special session, that are approved by a  
35 majority of the members of each house of the legislature and that amend the  
36 Constitution of Arizona to:

37           1. Temporarily suspend limitations on the legislature's power to  
38 appropriate or divert funds created by initiative or referendum.

39           2. Provide for an "Arizona state budget stabilization act".

40           C. The secretary of state shall cause to be printed in pamphlet form a  
41 sample ballot and a true copy of the official title and text of each proposed  
42 amendment, with the number and form in which the descriptive title will be  
43 printed on the official ballot as prescribed by section 19-125, Arizona  
44 Revised Statutes. In addition, the publicity pamphlet shall contain a  
45 legislative council analysis, a joint legislative budget committee staff

1 fiscal impact summary and any arguments submitted in support of or opposition  
2 to the proposed amendments as prescribed by section 19-124, Arizona Revised  
3 Statutes. The legislative council analysis, joint legislative budget  
4 committee fiscal impact summary and any arguments shall be submitted to the  
5 secretary of state no later than eighty-five days before the date of the  
6 election. A person submitting an argument in support of or opposition to the  
7 proposed amendments shall pay the fee prescribed pursuant to section 19-124,  
8 Arizona Revised Statutes.

9 D. The secretary of state is not required to conduct public meetings  
10 on the proposed amendments.

11 E. At least ten days before the special election, the secretary of  
12 state shall cause each proposed amendment to be published for a period of at  
13 least three days in a daily newspaper or, if there is not such newspaper, at  
14 least one time in a weekly newspaper in every county in the state in which a  
15 newspaper is published.

16 F. At least thirty-five days before the special election, the  
17 secretary of state shall mail one copy of the publicity pamphlet to every  
18 household that contains a registered voter. The mailings may be made over a  
19 period of days but shall be mailed in order to be delivered to households  
20 before the earliest date for the receipt of early ballots that may have been  
21 requested by a voter.

22 G. The secretary of state shall distribute the publicity pamphlet in  
23 other forms and methods deemed advisable by the secretary of state.

24 H. The officer in charge of elections shall comply with section  
25 19-125, subsections E and F, Arizona Revised Statutes, with respect to  
26 printing the full text of each measure on the ballot.

27 I. If a political subdivision contracts with a county for election  
28 services and that political subdivision chooses to hold a local election on  
29 November 3, 2009, the political subdivision shall only use the ballot and  
30 format of the election where the questions presented pursuant to article XXI,  
31 section 1, Constitution of Arizona, appear and the constitutional amendments  
32 shall appear first.

33 J. The secretary of state and county officers in charge of elections  
34 are exempt from compliance with competitive bidding processes to the extent  
35 that those processes will conflict with the timely printing and distribution  
36 of publicity pamphlets, ballots and other election materials or the timely  
37 conduct of the special election.

38 K. The special election shall be governed and administered under the  
39 general laws of this state regarding elections to the greatest extent  
40 practicable and shall be administered in a manner consistent with a  
41 presidential preference election with consolidated precincts.

42 L. The secretary of state shall reimburse counties for the cost of  
43 printing ballots and other election materials for the special election and  
44 shall reimburse counties for compensation paid to election board and tally

1 board officers serving during the special election, as well as other costs of  
2 administering the election.

3 M. The clerk of the board of supervisors of each county shall submit  
4 to the secretary of state for approval an itemized claim, together with  
5 documentation, verified by the clerk for expenses incurred or to be incurred  
6 by the county as prescribed by subsection L of this section. On approval of  
7 the claim by the secretary of state, the claim shall be submitted to the  
8 department of administration for payment to the county from the monies  
9 appropriated for this purpose in the fiscal year 2009-2010 general  
10 appropriations act and related measures.

11 Sec. 9. Conforming changes

12 The Arizona legislative council staff shall prepare proposed  
13 legislation conforming the Arizona Revised Statutes to the provisions of this  
14 act for consideration in the forty-ninth legislature, second regular session.

15 Sec. 10. Nonseverability

16 If any portion of this act is finally adjudicated to be invalid, the  
17 entire act is void. The provisions of this act are intended to be  
18 nonseverable.

19 Sec. 11. Retroactivity

20 A. Section 1 of this act and section 41-1276, Arizona Revised  
21 Statutes, as amended by this act, applies retroactively to from and after  
22 December 31, 2008.

23 B. Section 8 of this act, relating to a special election, is effective  
24 retroactively to from and after June 30, 2009.