

COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1616
(Reference to Senate engrossed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 9-602, Arizona Revised Statutes, is amended to
3 read:

4 9-602. Fund operation

5 A. The Arizona convention center development fund consists of monies
6 deposited pursuant to sections 42-5029 and 42-5030.

7 B. The state treasurer shall administer the fund. The state treasurer
8 shall invest and divest monies in the fund as provided by section 35-313 as
9 needed to facilitate distributions from the fund, and monies earned from
10 investment shall be credited to the fund.

11 C. On or before August 1 of each year, the state treasurer shall
12 distribute the amounts computed in subsection D of this section to each
13 eligible city that has filed a certificate of completion of construction
14 pursuant to section 9-622 for each eligible project under section 9-605.

15 D. The amount to be distributed pursuant to subsection C of this
16 section shall be computed by dividing the total cost of the eligible project
17 not funded from municipal sources as identified in the certificate of
18 completion of construction filed pursuant to section 9-622 by three hundred
19 million and multiplying the quotient by the following amounts:

- 20 1. In ~~the first~~ fiscal year 2009-2010, five million dollars.
- 21 2. In ~~the second~~ fiscal year 2010-2011, ten million dollars.
- 22 3. In ~~the third~~ fiscal year 2011-2012, ~~fifteen million~~ ZERO dollars.
- 23 4. In ~~the fourth~~ fiscal year 2012-2013, ~~twenty million dollars~~
24 \$5,595,000.
- 25 5. In ~~the fifth~~ fiscal ~~year and each of the next thirty fiscal years,~~
26 ~~the amount distributed in the preceding fiscal year plus five hundred~~
27 ~~thousand dollars, except that the amount distributed shall not exceed thirty~~
28 ~~million dollars in any fiscal year~~ YEARS 2013-2014, 2014-2015, 2015-2016 AND
29 2016-2017, \$20,449,000.
- 30 6. IN FISCAL YEAR 2017-2018, \$22,499,000.
- 31 7. IN FISCAL YEAR 2018-2019, \$22,996,250.
- 32 8. IN FISCAL YEAR 2019-2020, \$23,499,950.
- 33 9. IN FISCAL YEAR 2020-2021, \$23,997,900.
- 34 10. IN FISCAL YEAR 2021-2022, \$24,498,450.

- 1 11. IN FISCAL YEAR 2022-2023, \$24,999,400.
- 2 12. IN FISCAL YEAR 2023-2024, \$25,498,550.
- 3 13. IN FISCAL YEAR 2024-2025, \$25,998,700.
- 4 14. IN FISCAL YEAR 2025-2026, \$26,497,375.
- 5 15. IN FISCAL YEAR 2026-2027, \$26,997,100.
- 6 16. IN FISCAL YEAR 2027-2028, \$27,495,125.
- 7 17. IN FISCAL YEAR 2028-2029, \$27,998,700.
- 8 18. IN FISCAL YEAR 2029-2030, \$28,499,525.
- 9 19. IN FISCAL YEAR 2030-2031, \$28,999,575.
- 10 20. IN FISCAL YEAR 2031-2032, \$29,495,550.
- 11 21. IN FISCAL YEAR 2032-2033, \$29,999,150.
- 12 22. IN FISCAL YEAR 2033-2034, \$29,996,250.
- 13 23. IN FISCAL YEAR 2034-2035, \$29,995,775.
- 14 24. IN FISCAL YEAR 2035-2036, \$29,999,975.
- 15 25. IN FISCAL YEAR 2036-2037, \$29,995,825.
- 16 26. IN FISCAL YEAR 2037-2038, \$29,995,850.
- 17 27. IN FISCAL YEAR 2038-2039, \$29,996,750.
- 18 28. IN FISCAL YEAR 2039-2040, \$29,995,225.
- 19 29. IN FISCAL YEAR 2040-2041, \$29,997,975.
- 20 30. IN FISCAL YEAR 2041-2042, \$29,996,150.
- 21 31. IN FISCAL YEAR 2042-2043, \$29,996,175.
- 22 32. IN FISCAL YEAR 2043-2044, \$29,998,925.

23 E. If sufficient distributions have been made to provide for all of
24 the uses of the fund monies pursuant to section 9-603 for an eligible
25 project, the chief financial officer of the eligible city shall certify to
26 the state treasurer that no additional distributions are required for the
27 project, and on receiving the certification the state treasurer shall make no
28 further distributions to the city for that project.

29 F. After the distributions required by subsection C of this section,
30 any monies remaining in the fund on receipt of the certification of
31 satisfaction of annual obligations pursuant to section 9-623, or on the first
32 Monday in August if a certificate of completion of construction has not been
33 previously filed pursuant to section 9-622, shall be transferred to the state
34 general fund.

35 Sec. 2. Section 28-5808, Arizona Revised Statutes, is amended to read:
36 28-5808. Vehicle license tax distribution

1 A. Except as provided in subsection D of this section, the director
2 shall distribute monies collected by the director pursuant to section
3 28-5801, except monies deposited in the state general fund, on the first and
4 fifteenth calendar day of each month as follows:

5 1. On the first calendar day, the director shall deposit, pursuant to
6 sections 35-146 and 35-147, all of the Arizona highway user revenue fund
7 monies received from the first through the fifteenth calendar day of the
8 preceding month in the Arizona highway user revenue fund, except that on the
9 first calendar day the director shall deposit, pursuant to sections 35-146
10 and 35-147, in the parity compensation fund established by section 41-1720,
11 1.51 per cent of the portion of vehicle license tax revenues that otherwise
12 would be deposited in the state highway fund from the first through the
13 fifteenth calendar day of the preceding month.

14 2. On the fifteenth calendar day, the director shall deposit, pursuant
15 to sections 35-146 and 35-147, all of the Arizona highway user revenue fund
16 monies received from the sixteenth through the last day of the preceding
17 month in the Arizona highway user revenue fund, except that on the fifteenth
18 calendar day, the director shall deposit, pursuant to sections 35-146 and
19 35-147, in the parity compensation fund established by section 41-1720, 1.51
20 per cent of the portion of vehicle license tax revenues that otherwise would
21 be deposited in the state highway fund from the sixteenth through the last
22 day of the preceding month. On the fifteenth calendar day, the director
23 shall distribute or deposit all other monies received during the entire
24 preceding month as follows:

25 (a) The county general fund monies to the county general fund.

26 (b) The county transportation monies to the state treasurer to be
27 apportioned among the counties for any purposes related to transportation, as
28 determined by the board of supervisors, on the basis that the population of
29 the unincorporated area of each county bears to the population of the
30 unincorporated areas of all counties in this state.

31 (c) The incorporated cities and towns monies to the incorporated
32 cities and towns of the county in proportion to the population of each.

33 3. The deposit of the monies in the parity compensation fund pursuant
34 to paragraphs 1 and 2 of this subsection shall not impact the distribution of
35 vehicle license tax revenues to the state general fund and to cities, towns
36 and counties pursuant to this section.

1 B. The director shall distribute monies collected by the director
2 pursuant to sections 28-5804, 28-5805, 28-5806 and 28-5810, except monies
3 deposited in the state general fund, on the first and fifteenth calendar day
4 of each month as follows:

5 1. On the first calendar day, the director shall deposit, pursuant to
6 sections 35-146 and 35-147, 37.61 per cent of all monies received from the
7 first through the fifteenth calendar day of the preceding month in the
8 highway user revenue fund.

9 2. On the fifteenth calendar day, the director shall deposit, pursuant
10 to sections 35-146 and 35-147, 37.61 per cent of all monies received from the
11 sixteenth through the last day of the preceding month in the highway user
12 revenue fund and distribute or deposit the following amounts as a percentage
13 of all monies received pursuant to sections 28-5804, 28-5805, 28-5806 and
14 28-5810 during the entire preceding month as follows:

15 (a) 20.45 per cent to the county general fund.

16 (b) 4.91 per cent to the state treasurer to be apportioned among the
17 counties for any purposes related to transportation, as determined by the
18 board of supervisors, on the basis that the population of the unincorporated
19 area of each county bears to the population of the unincorporated areas of
20 all counties in this state.

21 (c) 20.45 per cent to the incorporated cities and towns of the county
22 in proportion to the population of each.

23 (d) 1.64 per cent, pursuant to sections 35-146 and 35-147, in the
24 state highway fund established by section 28-6991.

25 (e) 4.09 per cent in the state highway fund established by section
26 28-6991.

27 (f) 10.85 per cent, pursuant to sections 35-146 and 35-147, in the
28 state general fund to aid school financial assistance.

29 C. For purposes of this section the population of a county, city or
30 town shall be determined as provided by section 28-6532 or 42-5033.01. If an
31 incorporated city or town has had no federal enumeration of population, the
32 supervisors shall both:

33 1. Appoint a qualified person to take an accurate census of the
34 incorporated city or town.

35 2. Certify the results to the county treasurer, and the incorporated
36 city or town shall share in the distribution as provided by this section.

1 D. On the fifteenth calendar day of each month, the director shall
2 transfer to the state general fund from the portion of vehicle license tax
3 revenues that otherwise would be deposited in the state highway fund pursuant
4 to section 28-6538, subsection A, paragraph 1, ~~the following amounts:~~

5 1. An amount equal to ninety per cent of the fees collected pursuant
6 to section 28-4802, subsection A in the preceding month.

7 2. An amount equal to sixty per cent of the fees collected pursuant to
8 section 28-4802, subsection B in the preceding month.

9 E. ON THE FIFTEENTH CALENDAR DAY OF EACH MONTH, THE DIRECTOR SHALL
10 TRANSFER TO THE STATE GENERAL FUND FROM THE PORTION OF VEHICLE LICENSE TAX
11 REVENUES THAT OTHERWISE WOULD BE DEPOSITED IN THE STATE HIGHWAY FUND PURSUANT
12 TO SECTION 28-6538, SUBSECTION A, PARAGRAPH 1 THE DIFFERENCE BETWEEN THE
13 ACTUAL AMOUNT OF THE VEHICLE LICENSE TAX REVENUE COLLECTED AS A RESULT OF
14 REGISTRATION OF VEHICLES PURSUANT TO SECTION 28-2159 IN THE PRECEDING MONTH
15 FOR A FIVE-YEAR REGISTRATION PERIOD AND THE AMOUNT THAT WOULD HAVE BEEN
16 COLLECTED IF THOSE SAME VEHICLES HAD BEEN REGISTERED FOR A TWO-YEAR VEHICLE
17 REGISTRATION PERIOD.

18 Sec. 3. Title 30, chapter 4, article 1, Arizona Revised Statutes, is
19 amended by adding section 30-658, to read:

20 30-658. Radiation regulatory fee fund; exemption

21 THE RADIATION REGULATORY FEE FUND IS ESTABLISHED CONSISTING OF FEES
22 DIRECTED BY LAW TO BE DEPOSITED IN THE FUND. THE AGENCY SHALL ADMINISTER THE
23 FUND. MONIES IN THE FUND ARE SUBJECT TO LEGISLATIVE APPROPRIATION. MONIES
24 IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO
25 LAPSING OF APPROPRIATIONS.

26 Sec. 4. Section 41-3907, Arizona Revised Statutes, is amended to read:

27 41-3907. Authority funds; transfer of excess monies to Arizona
28 department of housing

29 A. If the board issues bonds under this article, the board shall
30 establish such separate funds as specified in the resolution necessary to
31 secure the bonds and accomplish the objectives of a bond issue. Any fund the
32 board establishes may contain bond proceeds and other monies designated to be
33 deposited in a bond fund by this chapter.

34 B. If the board establishes a mortgage credit certificate program, the
35 board shall establish such separate funds as specified in the resolution
36 necessary to accomplish the objectives of the certificate program. The funds

1 may consist of fees and costs collected in the certificate program and any
2 other monies designated to be deposited in the fund.

3 C. The board may provide for the irrevocable transfer of surplus
4 monies in bond funds and the certificate fund to the SERIOUSLY MENTALLY ILL
5 housing trust fund established by section ~~41-3955~~ 41-3955.01 or the Arizona
6 department of housing program fund established by section 41-3957 to repay
7 any amounts previously transferred from the Arizona department of housing to
8 the authority.

9 Sec. 5. Section 41-3955, Arizona Revised Statutes, is amended to read:
10 41-3955. Housing trust fund; purpose

11 A. The housing trust fund is established, and the director shall
12 administer the fund. The fund consists of monies from unclaimed property
13 deposited in the fund pursuant to section 44-313 and investment earnings
14 RECEIVED THROUGH JULY 31, 2011 FOR FISCAL YEAR 2010-2011.

15 B. On notice from the department, the state treasurer shall invest and
16 divest monies in the fund as provided by section 35-313, and monies earned
17 from investment shall be credited to the fund.

18 C. Fund monies shall be spent on approval of the department for
19 developing projects and programs connected with providing housing
20 opportunities for low and moderate income households and for housing
21 affordability and Arizona housing finance authority programs. Pursuant to
22 section 44-313, subsection A, a portion of fund monies shall be used
23 exclusively for housing in rural areas.

24 D. In approving the expenditure of monies, the director shall give
25 priority to funding projects that provide for operating, constructing or
26 renovating facilities for housing for low income families and that provide
27 housing and shelter to families that have children.

28 E. The director shall report annually to the legislature on the status
29 of the housing trust fund. The report shall include a summary of facilities
30 for which funding was provided during the preceding fiscal year and shall
31 show the cost and geographic location of each facility and the number of
32 individuals benefiting from the operation, construction or renovation of the
33 facility. The report shall be submitted to the president of the senate and
34 the speaker of the house of representatives no later than September 1 of each
35 year.

36 F. Monies in the housing trust fund are exempt from the provisions of
37 section 35-190 relating to lapsing of appropriations.

1 G. An amount not to exceed ten per cent of the housing trust fund
2 monies may be appropriated annually by the legislature to the department for
3 administrative costs in providing services relating to the housing trust
4 fund.

5 H. For any construction project financed by the department pursuant to
6 this section, the department shall notify a city, town, county or tribal
7 government that a project is planned for its jurisdiction and, before
8 proceeding, shall seek comment from the governing body of the city, town,
9 county or tribal government or an official authorized by the governing body
10 of the city, town, county or tribal government. The department shall not
11 interfere with or attempt to override the local jurisdiction's planning,
12 zoning or land use regulations.

13 Sec. 6. Title 41, chapter 37, article 2, Arizona Revised Statutes, is
14 amended by adding section 41-3955.01, to read:

15 41-3955.01. Seriously mentally ill housing trust fund; purpose

16 A. THE SERIOUSLY MENTALLY ILL HOUSING TRUST FUND IS ESTABLISHED. THE
17 DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES SHALL ADMINISTER THE FUND. THE
18 FUND CONSISTS OF MONIES RECEIVED PURSUANT TO SECTIONS 44-313 AND 44-314 AND
19 INVESTMENT EARNINGS RECEIVED AFTER JULY 1, 2011, EXCLUDING AMOUNTS RECEIVED
20 IN JULY, 2011 FOR FISCAL YEAR 2010-2011.

21 B. ON NOTICE FROM THE DEPARTMENT OF HEALTH SERVICES, THE STATE
22 TREASURER SHALL INVEST AND DIVEST MONIES IN THE FUND AS PROVIDED BY SECTION
23 35-313, AND MONIES EARNED FROM INVESTMENT SHALL BE CREDITED TO THE FUND.

24 C. FUND MONIES SHALL BE SPENT ON APPROVAL OF THE DEPARTMENT OF HEALTH
25 SERVICES SOLELY FOR HOUSING PROJECTS FOR THE SERIOUSLY MENTALLY ILL

26 D. THE DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES SHALL REPORT
27 ANNUALLY TO THE LEGISLATURE ON THE STATUS OF THE SERIOUSLY MENTALLY ILL
28 HOUSING TRUST FUND. THE REPORT SHALL INCLUDE A SUMMARY OF FACILITIES FOR
29 WHICH FUNDING WAS PROVIDED DURING THE PRECEDING FISCAL YEAR AND SHALL SHOW
30 THE COST AND GEOGRAPHIC LOCATION OF EACH FACILITY AND THE NUMBER OF
31 INDIVIDUALS BENEFITING FROM THE OPERATION, CONSTRUCTION OR RENOVATION OF THE
32 FACILITY. THE REPORT SHALL BE SUBMITTED TO THE PRESIDENT OF THE SENATE AND
33 THE SPEAKER OF THE HOUSE OF REPRESENTATIVES NO LATER THAN SEPTEMBER 1 OF EACH
34 YEAR.

35 E. MONIES IN THE SERIOUSLY MENTALLY ILL HOUSING TRUST FUND ARE EXEMPT
36 FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

1 F. AN AMOUNT NOT TO EXCEED TEN PER CENT OF THE SERIOUSLY MENTALLY ILL
2 HOUSING TRUST FUND MONIES MAY BE APPROPRIATED ANNUALLY BY THE LEGISLATURE TO
3 THE DEPARTMENT OF HEALTH SERVICES FOR ADMINISTRATIVE COSTS IN PROVIDING
4 SERVICES RELATING TO THE SERIOUSLY MENTALLY ILL HOUSING TRUST FUND.

5 G. FOR ANY CONSTRUCTION PROJECT FINANCED BY THE DEPARTMENT OF HEALTH
6 SERVICES PURSUANT TO THIS SECTION, THE DEPARTMENT OF HEALTH SERVICES SHALL
7 NOTIFY A CITY, TOWN, COUNTY OR TRIBAL GOVERNMENT THAT A PROJECT IS PLANNED
8 FOR ITS JURISDICTION AND, BEFORE PROCEEDING, SHALL SEEK COMMENT FROM THE
9 GOVERNING BODY OF THE CITY, TOWN, COUNTY OR TRIBAL GOVERNMENT OR AN OFFICIAL
10 AUTHORIZED BY THE GOVERNING BODY OF THE CITY, TOWN, COUNTY OR TRIBAL
11 GOVERNMENT. THE DEPARTMENT OF HEALTH SERVICES SHALL NOT INTERFERE WITH OR
12 ATTEMPT TO OVERRIDE THE LOCAL JURISDICTION'S PLANNING, ZONING OR LAND USE
13 REGULATIONS.

14 Sec. 7. Section 42-1116.01, Arizona Revised Statutes, is amended to
15 read:

16 42-1116.01. Department of revenue administrative fund

17 A. The department of revenue administrative fund is established
18 consisting of monies from unclaimed property deposited in the fund pursuant
19 to section 44-313.

20 B. The director shall administer the fund. ~~Monies in the fund are~~
21 ~~exempt from the provisions of section 35-190 relating to lapsing of~~
22 ~~appropriations.~~

23 C. Subject to legislative appropriation, the director shall use monies
24 in the fund solely for the administrative costs of the department.

25 Sec. 8. Section 44-313, Arizona Revised Statutes, is amended to read:

26 44-313. Deposit of monies

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

32 1. The first ~~ten~~ TWO million ~~five hundred thousand~~ dollars of the
33 monies shall be deposited each fiscal year in the SERIOUSLY MENTALLY ILL
34 housing trust fund established by section ~~41-3955~~ 41-3955.01.

35 2. THE SECOND TWO MILLION FIVE HUNDRED THOUSAND DOLLARS OF THE MONIES
36 SHALL BE DEPOSITED IN THE HOUSING TRUST FUND ESTABLISHED BY SECTION 41-3955.

1 in the federal deposit insurance corporation trust fund shall be credited as
2 follows:

- 3 1. Sixty-five per cent in the state general fund.
- 4 2. Thirty-five per cent in the SERIOUSLY MENTALLY ILL housing trust
5 fund established by section ~~41-3955~~ 41-3955.01.

6 Sec. 10. Fees for providing services; increases; intent;
7 exemption from rule making

8 A. Notwithstanding any other law, the director of each of the
9 following agencies may increase fees in fiscal year 2011-2012 for services
10 provided in fiscal year 2011-2012:

- 11 1. Office of pest management.
- 12 2. Radiation regulatory agency.

13 B. It is the intent of the legislature that the additional revenue
14 generated by the fee increases shall not exceed the amounts listed below:

- 15 1. Office of pest management \$525,000.
- 16 2. Radiation regulatory agency \$500,000.

17 C. Monies received from any fees pursuant to subsection A, paragraph 1
18 of this section shall be deposited in the pest management fund established by
19 section 32-2305, Arizona Revised Statutes.

20 D. Monies received from any fees pursuant to subsection A, paragraph 2
21 of this section shall be deposited in the radiation regulatory fee fund
22 established by section 38-658, Arizona Revised Statutes, as added by this
23 act.

24 E. The agencies described in subsection A of this section are exempt
25 from the rule making requirements of title 41, chapter 6, Arizona Revised
26 Statutes, for the purpose of establishing fees pursuant to this section until
27 July 1, 2012.

28 Sec. 11. County transfers; fiscal year 2011-2012; county
29 expenditure limitations

30 A. Notwithstanding any other law, in fiscal year 2011-2012, the
31 following counties shall transfer the following amounts to the state
32 treasurer for deposit in the state general fund:

- 33 1. Maricopa \$26,384,500
- 34 2. Mohave 1,383,700
- 35 3. Pima 6,775,700
- 36 4. Pinal 2,597,400
- 37 5. Yavapai 1,458,700

1 B. Notwithstanding any other law, a county may meet any statutory
2 funding requirements of this section from any source of county revenue
3 designated by the county, including funds of any countywide special taxing
4 district in which the board of supervisors serves as the board of directors.

5 C. Contributions made pursuant to this section are excluded from the
6 county expenditure limitations.

7 Sec. 12. Budget stabilization fund; exception

8 Notwithstanding section 35-144, Arizona Revised Statutes, for fiscal
9 year 2011-2012, the legislature is not required to appropriate monies to or
10 transfer monies from the budget stabilization fund.

11 Sec. 13. Department of transportation; distribution; state
12 highway fund

13 A. Notwithstanding section 28-6538, Arizona Revised Statutes, from the
14 revenues allocated pursuant to section 28-6538, subsection A, paragraph 1,
15 Arizona Revised Statutes, and before the distribution required by section
16 28-6538, subsection B, Arizona Revised Statutes, the department of
17 transportation shall distribute the following amounts from the state highway
18 fund in fiscal year 2011-2012 to the following counties to be used for
19 highway purposes:

20	1. Apache	\$485,900
21	2. Cochise	578,900
22	3. Coconino	686,400
23	4. Gila	274,000
24	5. Graham	176,900
25	6. Greenlee	58,800
26	7. La Paz	270,300
27	8. Navajo	584,900
28	9. Santa Cruz	213,500
29	10. Yuma	760,400

30 B. The amounts distributed pursuant to subsection A of this section are
31 in addition to any amounts allocated pursuant to section 28-6538, subsection
32 A, paragraph 2, Arizona Revised Statutes.

33 Sec. 14. State and county tax recovery; delayed repeal;
34 definitions

35 A. Notwithstanding title 42, chapter 1, article 3, Arizona Revised
36 Statutes, the director of the department of revenue shall establish a tax
37 recovery program as provided by this section.

1 B. If a taxpayer complies with the requirements of this section by
2 applying to the department for recovery during the recovery period and
3 complying with the applicable tax requirements in the time and manner
4 prescribed by this section, the director shall abate or waive all or part of
5 the civil penalties and impose interest at a reduced rate for tax liabilities
6 that have been or could be assessed or imposed for any taxable period during
7 the applicable liability period without the need for the taxpayer to show
8 reasonable cause or the absence of wilful neglect. For the purposes of this
9 subsection, "liability period" means:

10 1. For taxpayers filing annually, any taxable period beginning from
11 and after December 31, 2003 and ending before January 1, 2010.

12 2. For taxpayers having a 52-53 week tax year, any taxable period
13 beginning from and after January 14, 2004 and ending before January 1, 2010.

14 3. For all other taxpayers, any taxable period beginning from and
15 after December 31, 2004 and ending before January 1, 2010.

16 C. The director may grant recovery only for the taxable periods and
17 tax liabilities identified in the application and only if the taxpayer
18 satisfies all of the recovery conditions and requirements prescribed by this
19 section.

20 D. To qualify for recovery, the taxpayer must:

21 1. Submit a complete and correct application as provided by subsection
22 F of this section during the recovery period.

23 2. Pay the tax, plus any interest due pursuant to this section on or
24 before October 1, 2011.

25 E. A taxpayer does not qualify for recovery under this section if:

26 1. An audit determination has become final with respect to the taxable
27 period for which recovery is sought.

28 2. The taxpayer is a party to any criminal investigation or to any
29 criminal administrative proceeding or criminal litigation that is pending on
30 January 1, 2011 in any court of the United States or of this state for
31 failure to file or failure to pay, or for fraud with respect to, any tax
32 imposed by any law of this state and required to be collected by the
33 department.

34 3. The taxpayer has been the subject of a past tax-related criminal
35 investigation, indictment or prosecution if the investigation, indictment or
36 prosecution resulted in a conviction, a guilty plea or a plea of no contest.

1 4. The taxpayer has been convicted of a crime relating to any period
2 or assessment of a tax that is the basis of the penalty or interest with
3 respect to which recovery is sought.

4 5. The taxpayer is a party to a closing agreement with the department
5 for the tax periods included in the recovery application.

6 F. An application for recovery:

7 1. Must be on an application form furnished by the department that
8 requires the applicant to identify the tax, the qualifying taxable period and
9 the tax liability for which recovery is sought and to furnish other
10 information prescribed by the director. The taxpayer shall include any
11 returns and reports, including amended returns and reports, for the tax and
12 taxable periods. Any return or report filed under this section is subject to
13 verification as provided by law. A taxpayer who has insufficient information
14 to file a full income tax return may file a gross income return and compute
15 the tax pursuant to established rate brackets based on average tax rates for
16 the applicable taxable years.

17 2. Must be filed with the department as prescribed by the director
18 during the recovery period.

19 G. An application for recovery constitutes an express and absolute
20 waiver of all administrative and judicial rights of appeal available at that
21 time that have not run or otherwise expired as of the date of application.
22 The state board of tax appeals and any court shall dismiss each such action
23 or proceeding before that body on receiving a notification from the director
24 that recovery has been granted for the taxable period for that taxpayer. If
25 the audit determination is not final, the taxpayer must withdraw from the
26 proceeding or litigation before recovery is granted. A taxpayer that files
27 an application for recovery retains all administrative and judicial rights of
28 appeal with respect to any additional tax assessed in a subsequent audit by
29 the department.

30 H. On reviewing the application and determining compliance with the
31 requirements of the recovery program under this section:

32 1. The director shall notify the taxpayer regarding the application
33 for recovery, waiving or abating the civil penalties and imposing a reduced
34 interest rate for tax liabilities that were or could have been assessed for
35 the taxable periods covered by the application.

1 2. No administrative, civil or criminal action may be brought for
2 failure to comply with the tax requirements for the taxable periods covered
3 by the application.

4 I. A grant of recovery under this section does not entitle any
5 affected taxpayer or other person to a refund or credit of any amount
6 previously paid.

7 J. The director shall deny or revoke the recovery of a person who
8 files a false or fraudulent application, return or report for purposes of
9 this section, or otherwise attempts to defeat or evade a tax through the
10 recovery program. If a person who applies for recovery fails to pay all
11 amounts due as provided by this section, any recovery granted pursuant to
12 this section is void.

13 K. The director may:

14 1. Do all things necessary to provide for the timely implementation of
15 this section.

16 2. Adopt emergency rules pursuant to section 41-1026, Arizona Revised
17 Statutes, as necessary to administer this section.

18 L. The tax revenues collected pursuant to recovery payments shall be
19 distributed by the department as provided by law on or after October 1, 2011
20 but before November 1, 2011.

21 M. On or before December 1, 2011, the department shall submit a report
22 to the governor, the speaker of the house of representatives and the
23 president of the senate. The report shall include:

24 1. The number of taxpayers that have applied for recovery under this
25 section.

26 2. The number of taxpayers that have been granted recovery.

27 3. The amount of revenue received from taxpayers for the recovery
28 period.

29 4. The amount of outstanding liability from taxpayers that have begun
30 paying.

31 N. This section is repealed from and after December 31, 2011.

32 O. For the purposes of this section:

33 1. "Recovery period" means September 1 through October 1, 2011.

34 2. "Tax" means any tax administered or collected by the department of
35 revenue on behalf of this state or a county except estate tax and ad valorem
36 property taxes.

1 3. "Tax liability" includes any payment of estimated tax, withholding
2 tax, interest and penalties required by law.

3 4. "Tax requirement" means:

4 (a) Timely filing a complete and correct tax return or report required
5 by law.

6 (b) Timely paying a tax liability.

7 Sec. 15. Retroactivity

8 Section 41-3955, Arizona Revised Statutes, as amended by this act,
9 applies retroactively to from and after June 30, 2011."

10 Amend title to conform

and, as so amended, it do pass

JOHN KAVANAGH
Chairman

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