

State of Arizona
Senate
Fiftieth Legislature
First Regular Session
2011

SENATE BILL 1616

AN ACT

AMENDING SECTIONS 9-602 AND 28-5808, ARIZONA REVISED STATUTES; AMENDING TITLE 30, CHAPTER 4, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 30-658; AMENDING TITLE 41, CHAPTER 37, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3955.01; AMENDING SECTIONS 42-1116.01 AND 44-313, ARIZONA REVISED STATUTES; MAKING APPROPRIATIONS; PRESCRIBING TRANSFERS; RELATING TO REVENUE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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.
- 35 11. IN FISCAL YEAR 2022-2023, \$24,999,400.
- 36 12. IN FISCAL YEAR 2023-2024, \$25,498,550.
- 37 13. IN FISCAL YEAR 2024-2025, \$25,998,700.
- 38 14. IN FISCAL YEAR 2025-2026, \$26,497,375.
- 39 15. IN FISCAL YEAR 2026-2027, \$26,997,100.
- 40 16. IN FISCAL YEAR 2027-2028, \$27,495,125.
- 41 17. IN FISCAL YEAR 2028-2029, \$27,998,700.
- 42 18. IN FISCAL YEAR 2029-2030, \$28,499,525.
- 43 19. IN FISCAL YEAR 2030-2031, \$28,999,575.
- 44 20. IN FISCAL YEAR 2031-2032, \$29,495,550.

- 1 21. IN FISCAL YEAR 2032-2033, \$29,999,150.
- 2 22. IN FISCAL YEAR 2033-2034, \$29,996,250.
- 3 23. IN FISCAL YEAR 2034-2035, \$29,995,775.
- 4 24. IN FISCAL YEAR 2035-2036, \$29,999,975.
- 5 25. IN FISCAL YEAR 2036-2037, \$29,995,825.
- 6 26. IN FISCAL YEAR 2037-2038, \$29,995,850.
- 7 27. IN FISCAL YEAR 2038-2039, \$29,996,750.
- 8 28. IN FISCAL YEAR 2039-2040, \$29,995,225.
- 9 29. IN FISCAL YEAR 2040-2041, \$29,997,975.
- 10 30. IN FISCAL YEAR 2041-2042, \$29,996,150.
- 11 31. IN FISCAL YEAR 2042-2043, \$29,996,175.
- 12 32. IN FISCAL YEAR 2043-2044, \$29,998,925.

13 E. If sufficient distributions have been made to provide for all of
14 the uses of the fund monies pursuant to section 9-603 for an eligible
15 project, the chief financial officer of the eligible city shall certify to
16 the state treasurer that no additional distributions are required for the
17 project, and on receiving the certification the state treasurer shall make no
18 further distributions to the city for that project.

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

25 Sec. 2. Section 28-5808, Arizona Revised Statutes, is amended to read:
26 28-5808. Vehicle license tax distribution

27 A. Except as provided in subsection D of this section, the director
28 shall distribute monies collected by the director pursuant to section
29 28-5801, except monies deposited in the state general fund, on the first and
30 fifteenth calendar day of each month as follows:

31 1. On the first calendar day, the director shall deposit, pursuant to
32 sections 35-146 and 35-147, all of the Arizona highway user revenue fund
33 monies received from the first through the fifteenth calendar day of the
34 preceding month in the Arizona highway user revenue fund, except that on the
35 first calendar day the director shall deposit, pursuant to sections 35-146
36 and 35-147, in the parity compensation fund established by section 41-1720,
37 1.51 per cent of the portion of vehicle license tax revenues that otherwise
38 would be deposited in the state highway fund from the first through the
39 fifteenth calendar day of the preceding month.

40 2. On the fifteenth calendar day, the director shall deposit, pursuant
41 to sections 35-146 and 35-147, all of the Arizona highway user revenue fund
42 monies received from the sixteenth through the last day of the preceding
43 month in the Arizona highway user revenue fund, except that on the fifteenth
44 calendar day, the director shall deposit, pursuant to sections 35-146 and
45 35-147, in the parity compensation fund established by section 41-1720, 1.51

1 per cent of the portion of vehicle license tax revenues that otherwise would
2 be deposited in the state highway fund from the sixteenth through the last
3 day of the preceding month. On the fifteenth calendar day, the director
4 shall distribute or deposit all other monies received during the entire
5 preceding month as follows:

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

7 (b) The county transportation monies to the state treasurer to be
8 apportioned among the counties for any purposes related to transportation, as
9 determined by the board of supervisors, on the basis that the population of
10 the unincorporated area of each county bears to the population of the
11 unincorporated areas of all counties in this state.

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

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

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

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

26 2. On the fifteenth calendar day, the director shall deposit, pursuant
27 to sections 35-146 and 35-147, 37.61 per cent of all monies received from the
28 sixteenth through the last day of the preceding month in the highway user
29 revenue fund and distribute or deposit the following amounts as a percentage
30 of all monies received pursuant to sections 28-5804, 28-5805, 28-5806 and
31 28-5810 during the entire preceding month as follows:

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

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

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

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

42 (e) 4.09 per cent in the state highway fund established by section
43 28-6991.

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

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

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

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

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

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

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

19 E. ON THE FIFTEENTH CALENDAR DAY OF EACH MONTH, THE DIRECTOR SHALL
20 TRANSFER TO THE STATE GENERAL FUND FROM THE PORTION OF VEHICLE LICENSE TAX
21 REVENUES THAT OTHERWISE WOULD BE DEPOSITED IN THE STATE HIGHWAY FUND PURSUANT
22 TO SECTION 28-6538, SUBSECTION A, PARAGRAPH 1 THE DIFFERENCE BETWEEN THE
23 ACTUAL AMOUNT OF THE VEHICLE LICENSE TAX REVENUE COLLECTED AS A RESULT OF
24 REGISTRATION OF VEHICLES PURSUANT TO SECTION 28-2159 IN THE PRECEDING MONTH
25 FOR A FIVE-YEAR REGISTRATION PERIOD AND THE AMOUNT THAT WOULD HAVE BEEN
26 COLLECTED IF THOSE SAME VEHICLES HAD BEEN REGISTERED FOR A TWO-YEAR VEHICLE
27 REGISTRATION PERIOD.

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

30 30-658. Radiation regulatory fee fund; exemption

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

36 Sec. 4. Title 41, chapter 37, article 2, Arizona Revised Statutes, is
37 amended by adding section 41-3955.01, to read:

38 41-3955.01. Seriously mentally ill housing trust fund; purpose

39 A. THE SERIOUSLY MENTALLY ILL HOUSING TRUST FUND IS ESTABLISHED. THE
40 DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES SHALL ADMINISTER THE FUND. THE
41 FUND CONSISTS OF MONIES RECEIVED PURSUANT TO SECTION 44-313 AND INVESTMENT
42 EARNINGS.

43 B. ON NOTICE FROM THE DEPARTMENT OF HEALTH SERVICES, THE STATE
44 TREASURER SHALL INVEST AND DIVEST MONIES IN THE FUND AS PROVIDED BY SECTION
45 35-313, AND MONIES EARNED FROM INVESTMENT SHALL BE CREDITED TO THE FUND.

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

3 D. THE DIRECTOR OF THE DEPARTMENT OF HEALTH SERVICES SHALL REPORT
4 ANNUALLY TO THE LEGISLATURE ON THE STATUS OF THE SERIOUSLY MENTALLY ILL
5 HOUSING TRUST FUND. THE REPORT SHALL INCLUDE A SUMMARY OF FACILITIES FOR
6 WHICH FUNDING WAS PROVIDED DURING THE PRECEDING FISCAL YEAR AND SHALL SHOW
7 THE COST AND GEOGRAPHIC LOCATION OF EACH FACILITY AND THE NUMBER OF
8 INDIVIDUALS BENEFITING FROM THE OPERATION, CONSTRUCTION OR RENOVATION OF THE
9 FACILITY. THE REPORT SHALL BE SUBMITTED TO THE PRESIDENT OF THE SENATE AND
10 THE SPEAKER OF THE HOUSE OF REPRESENTATIVES NO LATER THAN SEPTEMBER 1 OF EACH
11 YEAR.

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

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

18 G. FOR ANY CONSTRUCTION PROJECT FINANCED BY THE DEPARTMENT OF HEALTH
19 SERVICES PURSUANT TO THIS SECTION, THE DEPARTMENT OF HEALTH SERVICES SHALL
20 NOTIFY A CITY, TOWN, COUNTY OR TRIBAL GOVERNMENT THAT A PROJECT IS PLANNED
21 FOR ITS JURISDICTION AND, BEFORE PROCEEDING, SHALL SEEK COMMENT FROM THE
22 GOVERNING BODY OF THE CITY, TOWN, COUNTY OR TRIBAL GOVERNMENT OR AN OFFICIAL
23 AUTHORIZED BY THE GOVERNING BODY OF THE CITY, TOWN, COUNTY OR TRIBAL
24 GOVERNMENT. THE DEPARTMENT OF HEALTH SERVICES SHALL NOT INTERFERE WITH OR
25 ATTEMPT TO OVERRIDE THE LOCAL JURISDICTION'S PLANNING, ZONING OR LAND USE
26 REGULATIONS.

27 Sec. 5. Section 42-1116.01, Arizona Revised Statutes, is amended to
28 read:

29 42-1116.01. Department of revenue administrative fund

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

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

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

38 Sec. 6. Section 44-313, Arizona Revised Statutes, is amended to read:

39 44-313. Deposit of monies

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

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

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

6 ~~2-~~ 3. The ~~second~~ NEXT twenty-four million five hundred thousand
7 dollars of the monies shall be deposited each fiscal year in the department
8 of revenue administrative fund established by section 42-1116.01.

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

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

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

19 E. Before making the deposit, the department shall record the name and
20 last known address of each person who appears from the holders' reports to be
21 entitled to the property and the name and last known address of each insured
22 person or annuitant and beneficiary. The department shall also record the
23 policy or contract number of each policy or contract of an insurance company
24 that is listed in the report, the name of the company and the amount due.
25 The department shall make the record available for public inspection during
26 reasonable business hours.

27 Sec. 7. Fees for providing services; increases; intent;
28 exemption from rule making

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

- 32 1. Office of pest management.
33 2. Radiation regulatory agency.

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

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

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

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

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

5 Sec. 8. County transfers; fiscal year 2011-2012; county
6 expenditure limitations

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

10 1. Maricopa	\$26,384,500
11 2. Mohave	1,383,700
12 3. Pima	6,775,700
13 4. Pinal	2,597,400
14 5. Yavapai	1,458,700

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

19 C. Contributions made pursuant to this section are excluded from the
20 county expenditure limitations.

21 Sec. 9. Budget stabilization fund; exception

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

25 Sec. 10. Department of transportation; distribution; state
26 highway fund

27 A. Notwithstanding section 28-6538, Arizona Revised Statutes, from the
28 revenues allocated pursuant to section 28-6538, subsection A, paragraph 1,
29 Arizona Revised Statutes, and before the distribution required by section
30 28-6538, subsection B, Arizona Revised Statutes, the department of
31 transportation shall distribute the following amounts from the state highway
32 fund in fiscal year 2011-2012 to the following counties to be used for
33 highway purposes:

34 1. Apache	\$485,900
35 2. Cochise	578,900
36 3. Coconino	686,400
37 4. Gila	274,000
38 5. Graham	176,900
39 6. Greenlee	58,800
40 7. La Paz	270,300
41 8. Navajo	584,900
42 9. Santa Cruz	213,500
43 10. Yuma	760,400

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

4 Sec. 11. State and county tax recovery; delayed repeal;
5 definitions

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

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

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

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

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

24 C. The director may grant recovery only for the taxable periods and
25 tax liabilities identified in the application and only if the taxpayer
26 satisfies all of the recovery conditions and requirements prescribed by this
27 section.

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

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

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

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

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

36 2. The taxpayer is a party to any criminal investigation or to any
37 criminal administrative proceeding or criminal litigation that is pending on
38 January 1, 2011 in any court of the United States or of this state for
39 failure to file or failure to pay, or for fraud with respect to, any tax
40 imposed by any law of this state and required to be collected by the
41 department.

42 3. The taxpayer has been the subject of a past tax-related criminal
43 investigation, indictment or prosecution if the investigation, indictment or
44 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.

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

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

42 J. The director shall deny or revoke the recovery of a person who
43 files a false or fraudulent application, return or report for purposes of
44 this section, or otherwise attempts to defeat or evade a tax through the
45 recovery program. If a person who applies for recovery fails to pay all

1 amounts due as provided by this section, any recovery granted pursuant to
2 this section is void.

3 K. The director may:

4 1. Do all things necessary to provide for the timely implementation of
5 this section.

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

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

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

14 1. The number of taxpayers that have applied for recovery under this
15 section.

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

17 3. The amount of revenue received from taxpayers for the recovery
18 period.

19 4. The amount of outstanding liability from taxpayers that have begun
20 paying.

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

22 O. For the purposes of this section:

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

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

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

29 4. "Tax requirement" means:

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

32 (b) Timely paying a tax liability.