

State of Arizona
House of Representatives
Fiftieth Legislature
Second Regular Session
2012

HOUSE BILL 2621

AN ACT

AMENDING SECTIONS 15-1461, 42-17102, 42-17151 AND 48-807, ARIZONA REVISED STATUTES; RELATING TO LOCAL GOVERNMENT BUDGETS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-1461, Arizona Revised Statutes, is amended to
3 read:

4 15-1461. District budget; annual estimate; computation; notice;
5 hearing; adoption

6 A. Not later than June 5, each district established pursuant to this
7 chapter, and any other community college established prior to the enactment
8 of this chapter, shall prepare a proposed budget for the budget year on a
9 form which the auditor general prescribes to be transmitted to the district
10 board. The proposed budget shall be accompanied by an estimate of the amount
11 of funds needed for the ensuing year as determined by the district based on
12 the proposed budget prepared by it.

13 B. The district shall establish and set forth in the proposed budget
14 the per capita expenditure per full-time equivalent student, which shall be
15 the total operational expenses.

16 C. The district shall establish and set forth in the proposed budget
17 the per capita expenditure per full-time equivalent student, which shall be
18 the total capital outlay expenses.

19 D. The number of basic full-time equivalent students shall be computed
20 by dividing the total community college credit units by fifteen per semester
21 and shall be based on regular day enrollment. The number of additional
22 short-term full-time equivalent students shall be computed by dividing the
23 total community college credit units from additional short-term classes by
24 thirty. The number of skill center full-time equivalent students shall be
25 computed by dividing the total number of clock hours in approved vocational
26 training programs by six hundred forty.

27 E. The governing board of each district shall prepare a notice fixing
28 a time not later than June 20 and designating a public place within each
29 district at which a public hearing and special board meeting shall be held.
30 The governing board of each district shall publish a notice of the public
31 hearing and special board meeting not later than fifteen days before the
32 meeting. The governing board shall publish the proposed budget on its
33 website and present the proposed budget for consideration of the residents
34 and the taxpayers of the district at such meeting.

35 F. The proposed budget shall contain but need not be limited to the
36 following information:

37 1. The estimated cost of all operational, capital outlay and debt
38 service expenses.

39 2. The percentage of increase or decrease in each budget category as
40 compared to each category of the budget for the current year.

41 3. The total amount of revenues by source that was necessary to meet
42 the district's budget for the current year.

43 4. The total amount of revenues by source that will be necessary to
44 meet the proposed district budget.

45 5. The total property tax levy of the district for the current year.

1 6. The levy for primary property taxes and the levy for secondary
2 property taxes for the current year.

3 7. The primary property tax rate and secondary property tax rate for
4 the current year.

5 8. The estimated amount of total property tax levies for the district
6 and the primary property tax and secondary property tax components thereof
7 necessary for the budget year.

8 9. The maximum amount of primary property tax dollars which the
9 district is permitted to levy pursuant to title 42, chapter 17, article 2 for
10 the budget year.

11 10. The amount of secondary property tax dollars which the district
12 will levy for the budget year.

13 11. The amount of monies received from primary property taxation in the
14 previous fiscal year in excess of the maximum allowable amount as calculated
15 pursuant to title 42, chapter 17, article 2.

16 12. BEGINNING IN FISCAL YEAR 2013-2014, THE TOTAL ESTIMATED PERSONNEL
17 COMPENSATION, WHICH SHALL SEPARATELY INCLUDE EMPLOYEE SALARIES AND EMPLOYEE
18 RELATED EXPENSES FOR RETIREMENT COSTS AND HEALTH CARE COSTS.

19 13. BEGINNING IN FISCAL YEAR 2013-2014, ALL UNENCUMBERED CASH, BOTH
20 RESTRICTED AND UNRESTRICTED.

21 G. The governing board shall publish the proposed budget and the
22 notice of the public hearing and special board meeting a second time not
23 later than five days prior to the meeting. Publication shall be made in a
24 newspaper of general circulation within the district. The cost of
25 publication shall be a charge against the district. If a truth in taxation
26 notice and hearing is required under section 15-1461.01, the district may
27 combine the notice and hearing under this section with the truth in taxation
28 notice and hearing. BEGINNING IN FISCAL YEAR 2013-2014, WITHIN SEVEN DAYS
29 AFTER THE ADOPTION OF THE PROPOSED BUDGET PRESENTED BEFORE THE GOVERNING
30 BOARD, THE BUDGET FINALLY ADOPTED UNDER THIS SECTION SHALL BE ACCESSIBLE IN A
31 PROMINENT LOCATION ON THE DISTRICT'S OFFICIAL WEBSITE AND THE FINAL ADOPTED
32 BUDGET SHALL BE RETAINED ON THE WEBSITE FOR AT LEAST SIXTY MONTHS.

33 H. If the district fails to publish the proposed budget, notice and
34 statements required by subsection F of this section, the board of supervisors
35 shall levy on the property in the district the lesser of the amount of
36 primary property taxes which were levied for the district in the current year
37 or the amount which would be produced by the primary property tax rate which
38 was levied for the district in the current year.

39 I. At the time and place fixed in the notice, the members of the
40 governing board shall hold the public hearing and present the proposed budget
41 to the persons attending the hearing. Upon request of any person, the
42 governing board shall explain the budget and any resident or taxpayer of the
43 district may protest the inclusion of any item in the proposed budget.

44 J. Immediately following the public hearing the chairman shall call to
45 order the special board meeting for the purpose of adopting the budget. The

1 governing board shall adopt the budget making deductions from the budget as
2 it sees fit but making no additions to the budget and shall enter the budget
3 as adopted in its minutes. The governing board shall not adopt the budget if
4 the property tax requirements of the budget, excluding amounts budgeted and
5 levied for secondary property taxes, exceed the amounts authorized pursuant
6 to title 42, chapter 17, article 2.

7 Sec. 2. Section 42-17102, Arizona Revised Statutes, is amended to
8 read:

9 42-17102. Contents of estimate of expenses

10 A. The annual estimate of expenses of each county, city and town shall
11 include:

12 1. An estimate of the amount of money required for each item of
13 expenditure necessary for county, city or town purposes, **WHICH MUST INCLUDE,**
14 **BY FUND:**

15 (a) **BEGINNING IN FISCAL YEAR 2013-2014, THE ESTIMATED NUMBER OF**
16 **FULL-TIME EMPLOYEES.**

17 (b) **BEGINNING IN FISCAL YEAR 2013-2014, THE TOTAL ESTIMATED PERSONNEL**
18 **COMPENSATION, WHICH SHALL SEPARATELY INCLUDE THE EMPLOYEE SALARIES AND**
19 **EMPLOYEE RELATED EXPENSES FOR RETIREMENT COSTS AND HEALTH CARE COSTS.**

20 2. The amounts necessary to pay the interest and principal of
21 outstanding bonds.

22 3. The items and amounts of each special levy provided by law.

23 4. An amount for unanticipated contingencies or emergencies.

24 5. A statement of the receipts for the preceding fiscal year from
25 sources other than direct property taxes.

26 6. The amounts that are estimated to be received during the current
27 fiscal year from sources other than direct property taxes and voluntary
28 contributions.

29 7. The amounts that were actually levied and the amounts that were
30 actually collected for county, city or town purposes on the primary and
31 secondary property tax rolls of the preceding fiscal year.

32 8. The amounts that were collected through primary property taxes and
33 secondary property taxes levied for the years before the preceding fiscal
34 year.

35 9. The amount that is proposed to be raised by direct property
36 taxation for the current fiscal year for the general fund, bonds, special
37 assessments and district levies.

38 10. The separate amounts to be raised by primary property tax levies
39 and by secondary property tax levies for the current fiscal year.

40 11. The amount of voluntary contributions estimated to be received
41 pursuant to section 48-242, based on the information transmitted to the
42 governing body by the department of revenue.

43 12. The maximum amount that can be raised by primary property tax
44 levies by the county, city or town pursuant to article 2 of this chapter for
45 the current fiscal year.

1 and that when extended on those valuations will produce, in the aggregate,
2 the entire amount to be raised by direct taxation for that year.

3 B. The governing body of a county, city, town or community college
4 district shall not fix, levy or assess an amount of primary property taxes in
5 excess of the amount permitted by section 42-17051, subsection A, paragraph 7
6 or section 42-17005 as determined by the property tax oversight commission.

7 C. The governing board of a common school district, a high school
8 district or a unified school district shall not fix, levy or assess a primary
9 property tax rate higher than the current year's rate if the district meets
10 both of the following criteria, as determined by the property tax oversight
11 commission:

12 1. The total primary property taxes levied for all taxing
13 jurisdictions on at least one-half of the residential property of the
14 district exceed the limitation described in section 15-972, subsection E.

15 2. The school district primary property tax rate exceeds one hundred
16 fifty per cent of the applicable qualifying tax rate pursuant to section
17 41-1276.

18 D. No later than December 31, the property tax oversight commission
19 shall notify those school districts that meet the criteria described in
20 subsection C of this section and the county school superintendents and boards
21 of supervisors of the counties in which the school districts are located.

22 E. Within three days after the final levies are determined for a
23 county, city, town or community college district, the chief county fiscal
24 officer shall notify the property tax oversight commission of the amount of
25 the primary property tax levied.

26 F. Pursuant to section 15-465.01, subsection E, an accommodation
27 school governing board shall not levy a primary or secondary property tax.
28 The property tax oversight commission shall consider any amount of property
29 tax levied by a county in support of an accommodation school to be part of
30 the county's primary levy for the purposes of determining the county's
31 compliance with subsection B of this section.

32 Sec. 4. Section 48-807, Arizona Revised Statutes, is amended to read:

33 48-807. County fire district assistance tax; annual budget;
34 override

35 A. The board of supervisors of a county shall levy, at the time of
36 levying other property taxes, a county fire district assistance tax on the
37 taxable property in the county of not more than ten cents per one hundred
38 dollars of assessed valuation. The tax levy provided for in this subsection
39 shall be a levy of secondary property taxes and shall not be subject to title
40 42, chapter 17, article 2. The county treasurer shall pay to each fire
41 district, including a fire district formed pursuant to section 48-851, in the
42 county from the proceeds of the tax an amount equal to twenty per cent of the
43 property tax levy adopted by the district for the fiscal year in which the
44 tax will be levied, except that:

1 1. The amount of assistance from the county to a fire district shall
2 be reduced as follows:

3 (a) Through the fiscal year that ends June 30, 2012, by the dollar
4 amount that the fire district receives from the fire district assistance tax
5 that exceeds three hundred thousand dollars from and after June 30 of each
6 fiscal year.

7 (b) Beginning with the fiscal year that starts July 1, 2012, by the
8 dollar amount that the fire district receives from the fire district
9 assistance tax that exceeds four hundred thousand dollars from and after
10 June 30 of each fiscal year, without regard to whether the district is
11 located in more than one county.

12 (c) Except as provided in paragraph 2 of this subsection, if the total
13 amount to be paid to all districts in the county under this paragraph exceeds
14 the amount to be raised by the levy of ten cents per one hundred dollars
15 assessed valuation, then the county treasurer shall pay an amount less than
16 twenty per cent of the property tax levy of each district. The amount to be
17 paid by the county treasurer to each district shall be determined by
18 multiplying the proceeds of the county fire district assistance tax against
19 the proportion that twenty per cent of the property tax levy of each district
20 bears to the total of twenty per cent of the property tax levies of all fire
21 districts in the county.

22 2. For fiscal years beginning from and after July 1, 1992, the amount
23 of assistance from the county to a fire district shall not be less than the
24 assistance provided from and after June 30, 1991 through June 30, 1992, if,
25 for the fiscal year in which the tax will be levied, the district levies a
26 tax, in addition to any tax levied under section 48-806, of three dollars per
27 one hundred dollars of assessed valuation and the assessed valuation is at
28 least ninety per cent of the assessed valuation for the 1991 tax year. This
29 paragraph does not apply to fire districts subject to paragraph 1,
30 subdivision (a) or (b) of this subsection.

31 B. For the purpose of subsection A of this section, the property tax
32 levy of the fire district shall include in lieu contributions pursuant to
33 chapter 1, article 8 of this title but shall not include property tax levies
34 to be applied to the payment of principal and interest on bonds issued
35 pursuant to section 48-806.

36 C. Notwithstanding subsection A of this section and through the fiscal
37 year that ends June 30, 2012, if two or more fire districts merge to form a
38 consolidated district, the last amount received by each fire district from
39 the fire district assistance tax prior to the merger shall be combined, and
40 if the combined amount exceeds three hundred thousand dollars, the
41 consolidated district may continue to receive the sum of the average of the
42 fire district assistance tax received by each fire district in the three
43 previous years prior to the merger from the fire district assistance tax.
44 Beginning with the fiscal year that starts July 1, 2012, a consolidated
45 district shall not receive more than four hundred thousand dollars in fire

1 district assistance tax monies, without regard to whether the consolidated
2 district is located in more than one county.

3 D. Through the fiscal year that ends June 30, 2012, if two or more
4 fire districts merge to form a consolidated district and the total of the
5 amounts received by each fire district from the fire district assistance tax
6 is less than three hundred thousand dollars, the consolidated district may
7 continue to receive monies until its receipts total three hundred thousand
8 dollars, as prescribed in subsection A of this section, without regard to
9 whether the consolidated district is located in more than one county.
10 Beginning with the fiscal year that starts July 1, 2012, if two or more fire
11 districts merge to form a consolidated district and the total of the amounts
12 received by each fire district from the fire district assistance tax is less
13 than four hundred thousand dollars, the consolidated district may continue to
14 receive monies until its receipts total four hundred thousand dollars, as
15 prescribed in subsection A of this section, without regard to whether the
16 consolidated district is located in more than one county.

17 E. Not more than ten days after the perfection of the organization of
18 a fire district, and thereafter not later than August 1 of each year, the
19 chief and the secretary-treasurer of the district, or if there is a district
20 board, the chairman of the board, shall submit to the board of supervisors an
21 estimate, certified by items, of the amount of money required for the
22 equipment and maintenance of the district for the ensuing year.

23 F. The board, based on the budget submitted by the district, shall
24 levy, in addition to any tax levied as provided in section 48-806, a tax not
25 to exceed three dollars twenty-five cents per one hundred dollars of assessed
26 valuation, or the amount of the levy in the preceding tax year multiplied by
27 1.08, whichever levy is less, and minus any amounts required to reduce the
28 levy pursuant to subsection I of this section, against all property situated
29 within the district boundaries and appearing on the last assessment roll.
30 The levy shall be made and the taxes collected in the manner, at the time and
31 by the officers provided by law for the collection of general county taxes.

32 G. BEGINNING IN FISCAL YEAR 2013-2014, A COMPLETE COPY OF THE ADOPTED
33 BUDGET SHALL BE POSTED IN A PROMINENT LOCATION ON THE DISTRICT'S OFFICIAL
34 WEBSITE, OR ON A WEBSITE OF AN ASSOCIATION OF FIRE DISTRICTS FOR DISTRICTS
35 THAT DO NOT HAVE OFFICIAL WEBSITES, WITHIN SEVEN BUSINESS DAYS AFTER FINAL
36 ADOPTION AND SHALL BE RETAINED ON THE WEBSITE FOR AT LEAST SIXTY MONTHS.

37 ~~G.~~ H. The qualified electors of the district, voting in an election
38 as prescribed by subsection ~~H~~ I of this section, may authorize the board to
39 levy a tax exceeding the limits prescribed by subsection F of this section
40 under one, but not both, of the following options:

41 1. The electors may authorize a permanent override allowing annual
42 levies without reference to the levy in the preceding tax year, but remaining
43 subject to the tax rate limit of three dollars twenty-five cents per one
44 hundred dollars of assessed valuation. An election for the purposes of this
45 paragraph must be held at a regularly scheduled general election held on the

1 first Tuesday following the first Monday in November as prescribed by section
2 16-204, subsection B, paragraph 1, subdivision (d).

3 2. If the net assessed valuation of all property in the district
4 declines by a combined total of twenty per cent or more over two consecutive
5 valuation years, the electors voting at the next regularly scheduled general
6 election held on the first Tuesday following the first Monday in November as
7 prescribed by section 16-204, subsection B, paragraph 1, subdivision (d) may
8 authorize an override for five consecutive tax years allowing annual levies
9 that are exempt from the tax rate limit of three dollars twenty-five cents,
10 but subject to an annual levy limit of the amount of the levy in the
11 preceding tax year multiplied by 1.05. After the fifth tax year, the
12 district is again subject to the limits prescribed by subsection F of this
13 section, computed by multiplying the levy beginning in the year preceding the
14 override by 1.08 for each year through the current tax year.

15 ~~H.~~ I. The call for an override election held for the purposes of
16 subsection ~~G~~ H of this section must state:

17 1. The purpose for requesting additional secondary property tax
18 revenue for the district.

19 2. If the voters approve the levy:

20 (a) The maximum dollar amount of secondary property tax that may be
21 collected in the first year compared to the existing maximum secondary
22 property tax levy prescribed in subsection F of this section.

23 (b) The estimated secondary property tax rate to fund the proposed
24 levy under subdivision (a) in the first tax year compared to the secondary
25 property tax rate levied in the current year.

26 ~~I.~~ J. If the district annexes additional territory, the limit under
27 subsection F of this section shall be adjusted by applying the district's tax
28 rate to the assessed valuation of the annexed property in the preceding tax
29 year. If districts are merged or consolidated under this chapter, the
30 limitation under this subsection in the first year after the districts are
31 merged or consolidated is the total of the levies of the merged or
32 consolidated districts in the preceding tax year multiplied by 1.08 or the
33 amount of the levies allowed by the maximum rate prescribed by subsection F
34 of this section, whichever is less.

35 ~~J.~~ K. The district shall maintain any property tax revenues collected
36 in excess of the sum of the amounts of taxes collectible pursuant to section
37 42-17054 and the allowable levy determined under subsection F of this section
38 in a separate fund and used to reduce the property tax levy in the following
39 tax year.

40 ~~K.~~ L. The levy limit under this section is considered to be increased
41 each year to the maximum limit permissible under subsection F of this section
42 regardless of whether the district actually levies taxes up to the maximum
43 permissible amount in that year.

44 ~~L.~~ M. The county treasurer shall keep the money received from taxes
45 levied pursuant to subsection F of this section in a separate fund known as

1 the "fire district general fund" of the district for which collected. Any
2 surplus remaining in the fire district general fund at the end of the fiscal
3 year shall be credited to the fire district general fund of the district for
4 which it was collected for the succeeding fiscal year and after subtraction
5 of accounts payable and encumbrances, shall be used to reduce the property
6 tax levy in the following tax year.

7 ~~M.~~ N. A fire district may maintain separate accounts with a financial
8 institution that is authorized to do business in this state for the purpose
9 of operating a payroll account or for holding contributions, grants, special
10 revenues or trust monies as necessary to fulfill the district's fiduciary
11 responsibilities.

12 ~~N.~~ O. A fire district, through the county treasurer, shall establish
13 the relevant governmental funds necessary for the proper management and
14 fiscal accountability of district monies from property taxes, grants,
15 contributions and donations, as defined by the government accounting
16 standards board. Unless the monies received are legally restricted by
17 contract, agreement or law, those monies may be transferred between accounts
18 according to the original or amended budget of the fire district.

19 ~~O.~~ P. Notwithstanding section 11-605, a fire district may register
20 warrants only if separate accounts are maintained by the county treasurer for
21 each governmental fund of a fire district. Warrants may only be registered
22 on the maintenance and operation account, the unrestricted capital outlay
23 account and the special revenue account, and only if the total cash balance
24 of all three accounts is insufficient to pay the warrants and after any
25 revolving line of credit has been expended as prescribed in section 11-635.

26 ~~P.~~ Q. When a fire district has adopted a budget and the board of
27 supervisors has levied a fire district tax as provided in subsection F of
28 this section and the district has insufficient money in its general fund with
29 the county treasurer to operate the district, the elected chief and the
30 secretary-treasurer, or if there is a district board, the chairman of the
31 board, on or after August 1 of each year, may draw warrants for the purposes
32 prescribed in section 48-805 on the county treasurer, payable on November 1
33 of that year or on April 1 of the succeeding year. The aggregate amounts of
34 the warrants may not exceed ninety per cent of the taxes levied by the county
35 for the district's current fiscal year. If the treasurer cannot pay a
36 warrant for lack of funds in the fire district general fund, the warrant
37 shall be endorsed, be registered, bear interest and be redeemed as provided
38 by law for county warrants, except that the warrants are payable only from
39 the fire district general fund.