

REFERENCE TITLE: fire districts; financial standards

State of Arizona  
House of Representatives  
Fifty-first Legislature  
First Regular Session  
2013

## **HB 2572**

Introduced by  
Representatives Coleman, Borrelli; Dial, Robson, Senators Driggs, Reagan

AN ACT

AMENDING SECTION 48-807, ARIZONA REVISED STATUTES; RELATING TO FIRE DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 48-807, Arizona Revised Statutes, is amended to  
3 read:

4 48-807. County fire district assistance tax: annual budget:  
5 override

6 A. The board of supervisors of a county shall levy, at the time of  
7 levying other property taxes, a county fire district assistance tax on the  
8 taxable property in the county of not more than ten cents per one hundred  
9 dollars of assessed valuation. The tax levy provided for in this subsection  
10 shall be a levy of secondary property taxes and shall not be subject to title  
11 42, chapter 17, article 2. The county treasurer shall pay to each fire  
12 district, including a fire district formed pursuant to section 48-851, in the  
13 county from the proceeds of the tax an amount equal to twenty per cent of the  
14 property tax levy adopted by the district for the fiscal year in which the  
15 tax will be levied, except that:

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

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

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

27 (c) Except as provided in paragraph 2 of this subsection, if the total  
28 amount to be paid to all districts in the county under this paragraph exceeds  
29 the amount to be raised by the levy of ten cents per one hundred dollars  
30 assessed valuation, then the county treasurer shall pay an amount less than  
31 twenty per cent of the property tax levy of each district. The amount to be  
32 paid by the county treasurer to each district shall be determined by  
33 multiplying the proceeds of the county fire district assistance tax against  
34 the proportion that twenty per cent of the property tax levy of each district  
35 bears to the total of twenty per cent of the property tax levies of all fire  
36 districts in the county.

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

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

6           C. Notwithstanding subsection A of this section and through the fiscal  
7 year that ends June 30, 2012, if two or more fire districts merge to form a  
8 consolidated district, the last amount received by each fire district from  
9 the fire district assistance tax prior to the merger shall be combined, and  
10 if the combined amount exceeds three hundred thousand dollars, the  
11 consolidated district may continue to receive the sum of the average of the  
12 fire district assistance tax received by each fire district in the three  
13 previous years prior to the merger from the fire district assistance tax.  
14 Beginning with the fiscal year that starts July 1, 2012, a consolidated  
15 district shall not receive more than four hundred thousand dollars in fire  
16 district assistance tax monies, without regard to whether the consolidated  
17 district is located in more than one county.

18           D. Through the fiscal year that ends June 30, 2012, if two or more  
19 fire districts merge to form a consolidated district and the total of the  
20 amounts received by each fire district from the fire district assistance tax  
21 is less than three hundred thousand dollars, the consolidated district may  
22 continue to receive monies until its receipts total three hundred thousand  
23 dollars, as prescribed in subsection A of this section, without regard to  
24 whether the consolidated district is located in more than one county.  
25 Beginning with the fiscal year that starts July 1, 2012, if two or more fire  
26 districts merge to form a consolidated district and the total of the amounts  
27 received by each fire district from the fire district assistance tax is less  
28 than four hundred thousand dollars, the consolidated district may continue to  
29 receive monies until its receipts total four hundred thousand dollars, as  
30 prescribed in subsection A of this section, without regard to whether the  
31 consolidated district is located in more than one county.

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

38           F. The board, based on the budget submitted by the district, shall  
39 levy, in addition to any tax levied as provided in section 48-806, a tax not  
40 to exceed three dollars twenty-five cents per one hundred dollars of assessed  
41 valuation, or the amount of the levy in the preceding tax year multiplied by  
42 1.08, whichever levy is less, and minus any amounts required to reduce the  
43 levy pursuant to subsection ~~I~~ J of this section, against all property  
44 situated within the district boundaries and appearing on the last assessment  
45 roll. The levy shall be made and the taxes collected in the manner, at the

1 time and by the officers provided by law for the collection of general county  
2 taxes.

3 G. Beginning in fiscal year 2013-2014, a complete copy of the adopted  
4 budget shall be posted in a prominent location on the district's official  
5 website, or on a website of an association of fire districts for districts  
6 that do not have official websites, within seven business days after final  
7 adoption and shall be retained on the website for at least sixty months.

8 H. The qualified electors of the district, voting in an election as  
9 prescribed by subsection I of this section, may authorize the board to levy a  
10 tax exceeding the limits prescribed by subsection F of this section under  
11 one, but not both, of the following options:

12 1. The electors may authorize a permanent override allowing annual  
13 levies without reference to the levy in the preceding tax year, but remaining  
14 subject to the tax rate limit of three dollars twenty-five cents per one  
15 hundred dollars of assessed valuation. An election for the purposes of this  
16 paragraph must be held at a regularly scheduled general election held on the  
17 first Tuesday following the first Monday in November as prescribed by section  
18 16-204, subsection B, paragraph 1, subdivision (d).

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

31 I. The call for an override election held for the purposes of  
32 subsection H of this section must state:

33 1. The purpose for requesting additional secondary property tax  
34 revenue for the district.

35 2. If the voters approve the levy:

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

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

42 J. If the district annexes additional territory, the limit under  
43 subsection F of this section shall be adjusted by applying the district's tax  
44 rate to the assessed valuation of the annexed property in the preceding tax  
45 year. If districts are merged or consolidated under this chapter, the

1 limitation under this subsection in the first year after the districts are  
2 merged or consolidated is the total of the levies of the merged or  
3 consolidated districts in the preceding tax year multiplied by 1.08 or the  
4 amount of the levies allowed by the maximum rate prescribed by subsection F  
5 of this section, whichever is less.

6 K. The district shall maintain any property tax revenues collected in  
7 excess of the sum of the amounts of taxes collectible pursuant to section  
8 42-17054 and the allowable levy determined under subsection F of this section  
9 in a separate fund and used to reduce the property tax levy in the following  
10 tax year.

11 L. The levy limit under this section is considered to be increased  
12 each year to the maximum limit permissible under subsection F of this section  
13 regardless of whether the district actually levies taxes up to the maximum  
14 permissible amount in that year.

15 M. The county treasurer shall keep the money received from taxes  
16 levied pursuant to subsection F of this section in a separate fund known as  
17 the "fire district general fund" of the district for which collected. Any  
18 surplus remaining in the fire district general fund at the end of the fiscal  
19 year shall be credited to the fire district general fund of the district for  
20 which it was collected for the succeeding fiscal year and after subtraction  
21 of accounts payable and encumbrances, shall be used to reduce the property  
22 tax levy in the following tax year. **NOTWITHSTANDING SUBSECTION N OF THIS**  
23 **SECTION, THE COUNTY TREASURER SHALL MAINTAIN ALL DISTRICT REVENUES AND FUND**  
24 **ACCOUNTS WITH THE COUNTY SERVICING BANK.**

25 N. A fire district may maintain separate accounts with a financial  
26 institution that is authorized to do business in this state for the purpose  
27 of operating a payroll account or for holding ~~contributions, grants, special~~  
28 ~~AMBULANCE~~ revenues ~~or trust monies~~ as necessary to fulfill the district's  
29 fiduciary responsibilities.

30 O. A fire district, through the county treasurer, shall establish the  
31 relevant governmental funds necessary for the proper management and fiscal  
32 accountability of district monies from property taxes, grants, contributions  
33 and donations, as defined by the government accounting standards board.  
34 Unless the monies received are legally restricted by contract, agreement or  
35 law, those monies may be transferred between **FUND** accounts according to the  
36 original or amended budget of the fire district.

37 **P. A FIRE DISTRICT SHALL RECONCILE ALL FUND ACCOUNTS FOR EACH CALENDAR**  
38 **MONTH OF THE FISCAL YEAR WITHIN THIRTY DAYS AFTER THE END OF THAT CALENDAR**  
39 **MONTH. ALL FUND ACCOUNTS SHALL BE RECONCILED IN ACCORDANCE WITH GENERALLY**  
40 **ACCEPTED ACCOUNTING PRINCIPLES. THE FIRE DISTRICT BOARD SHALL REVIEW THE**  
41 **RECONCILED FUND ACCOUNTS MONTHLY.**

42 **Q. A FIRE DISTRICT SHALL PRODUCE MONTHLY FINANCIAL REPORTS IN**  
43 **ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES TO INCLUDE CASH FLOW**  
44 **PROJECTIONS FOR EACH FISCAL YEAR. CASH FLOW PROJECTIONS SHALL BE UPDATED**  
45 **MONTHLY WITH THE ACTUAL REVENUES AND EXPENDITURES FROM THE PRECEDING MONTH.**

1 THE FIRE DISTRICT BOARD SHALL REVIEW THE UPDATED CASH FLOW PROJECTIONS EACH  
2 MONTH. ANY FINANCIAL REPORT OR CASH FLOW PROJECTION THAT WOULD INDICATE THAT  
3 THE DISTRICT IS LIKELY TO VIOLATE SECTION 48-805, SUBSECTION D OR THAT WOULD  
4 INDICATE AN ADVERSE IMPACT ON THE ONGOING OPERATIONS OR LIQUIDITY OF THE  
5 DISTRICT SHALL BE REPORTED TO THE COUNTY TREASURER AND THE COUNTY BOARD OF  
6 SUPERVISORS WITHIN TEN DAYS AFTER THE DISCOVERY.

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

14 ~~Q.~~ S. When a fire district has adopted a budget and the board of  
15 supervisors has levied a fire district tax as provided in subsection F of  
16 this section and the district has insufficient money in its general fund with  
17 the county treasurer to operate the district, the elected chief and the  
18 secretary-treasurer, or if there is a district board, the chairman of the  
19 board, on or after August 1 of each year, may draw warrants for the purposes  
20 prescribed in section 48-805 on the county treasurer, payable on November 1  
21 of that year or on April 1 of the succeeding year. The aggregate amounts of  
22 the warrants may not exceed ninety per cent of the taxes levied by the county  
23 for the district's current fiscal year. If the treasurer cannot pay a  
24 warrant for lack of funds in the fire district general fund, the warrant  
25 shall be endorsed, be registered, bear interest and be redeemed as provided  
26 by law for county warrants, except that the warrants are payable only from  
27 the fire district general fund.