

REFERENCE TITLE: **clean elections funding**

State of Arizona
House of Representatives
Fifty-first Legislature
Second Regular Session
2014

HB 2651

Introduced by
Representative Kavanagh

AN ACT

**AMENDING SECTIONS 16-949, 16-954, 16-956, 41-133, 41-2421, 43-323, 43-1071
AND 43-1096, ARIZONA REVISED STATUTES; RELATING TO THE CITIZENS CLEAN
ELECTIONS ACT.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Subject to the requirements of article IV, part 1,
3 section 1, Constitution of Arizona, section 16-949, Arizona Revised Statutes,
4 is amended to read:

5 16-949. Controls on spending from citizens clean elections fund

6 A. The commission shall not spend, on all costs incurred under this
7 article during a particular calendar year, more than five dollars times the
8 number of Arizona resident personal income tax returns filed during the
9 previous calendar year. TAX REDUCTIONS AWARDED TO TAXPAYERS PURSUANT TO
10 SECTION 16-954 MAY NOT BE CONSIDERED COSTS INCURRED UNDER THIS ARTICLE FOR
11 PURPOSES OF THIS SECTION. The commission may exceed this limit during a
12 calendar year, provided that it is offset by an equal reduction of the limit
13 during another calendar year during the same four-year period beginning
14 January 1 immediately after a gubernatorial election.

15 B. The commission may use up to ten per cent of the amount specified
16 in subsection A of this section for reasonable and necessary expenses of
17 administration and enforcement, including the activities specified in section
18 16-956, subsection A, paragraphs 3 through 7 and subsections B and C. Any
19 portion of the ten per cent not used for this purpose shall remain in the
20 fund.

21 C. The commission may apply up to ten per cent of the amount specified
22 in subsection A of this section for reasonable and necessary expenses
23 associated with public education regarding participation as a candidate or a
24 contributor, or regarding the functions, purpose and technical aspects of the
25 CLEAN ELECTIONS act. Reasonable and necessary expenditures made pursuant to
26 section 16-956 are not included in this subsection.

27 D. The commission may spend monies in the fund for the reasonable and
28 necessary expenses to implement the CLEAN ELECTIONS act but shall not use
29 monies in the fund to promote the benefits of the clean elections act.
30 Expenditures made pursuant to subsection C of this section or in section
31 16-956, subsection A are deemed not to constitute promoting the benefits of
32 the clean elections act. Expenditures pursuant to this subsection shall not
33 be included in the limits prescribed in subsection C of this section.

34 E. The state treasurer shall administer a citizens clean elections
35 fund from which costs incurred under this article shall be paid. The auditor
36 general shall review the monies in, payments into and expenditures from the
37 fund no less often than every four years.

38 Sec. 2. Subject to the requirements of article IV, part 1, section 1,
39 Constitution of Arizona, section 16-954, Arizona Revised Statutes, is amended
40 to read:

41 16-954. Clean elections tax reduction; disposition of excess
42 monies

43 A. A TAXPAYER WHO FILES ON A STATE INCOME TAX RETURN FORM MAY
44 DESIGNATE A FIVE-DOLLAR VOLUNTARY CONTRIBUTION PER TAXPAYER TO THE FUND BY
45 MARKING AN OPTIONAL CHECK-OFF BOX ON THE FIRST PAGE OF THE FORM. A TAXPAYER

1 WHO CHECKS THIS BOX SHALL RECEIVE A FIVE-DOLLAR REDUCTION IN THE AMOUNT OF
2 TAX, AND FIVE DOLLARS FROM THE AMOUNT OF TAXES PAID SHALL BE TRANSFERRED BY
3 THE DEPARTMENT OF REVENUE TO THE FUND. THE DEPARTMENT OF REVENUE SHALL
4 PROVIDE CHECK-OFF BOXES, IDENTIFIED AS THE CLEAN ELECTIONS FUND TAX
5 REDUCTION, ON THE FIRST PAGE OF INCOME TAX RETURN FORMS, FOR DESIGNATIONS
6 PURSUANT TO THIS SUBSECTION.

7 B. ANY TAXPAYER MAY MAKE A VOLUNTARY DONATION TO THE FUND BY
8 DESIGNATING THE FUND ON AN INCOME TAX RETURN FORM FILED BY THE INDIVIDUAL OR
9 BUSINESS ENTITY OR BY MAKING A PAYMENT DIRECTLY TO THE FUND. ANY TAXPAYER
10 MAKING A DONATION PURSUANT TO THIS SUBSECTION SHALL RECEIVE A
11 DOLLAR-FOR-DOLLAR TAX CREDIT NOT TO EXCEED TWENTY PER CENT OF THE TAX AMOUNT
12 ON THE RETURN OR FIVE HUNDRED DOLLARS PER TAXPAYER, WHICHEVER IS HIGHER.
13 DONATIONS MADE PURSUANT TO THIS SECTION ARE OTHERWISE NOT TAX DEDUCTIBLE AND
14 CANNOT BE DESIGNATED AS FOR THE BENEFIT OF A PARTICULAR CANDIDATE, POLITICAL
15 PARTY OR ELECTION CONTEST. THE DEPARTMENT OF REVENUE SHALL TRANSFER TO THE
16 FUND ALL DONATIONS MADE PURSUANT TO THIS SUBSECTION. THE DEPARTMENT OF
17 REVENUE SHALL PROVIDE A SPACE, IDENTIFIED AS THE CLEAN ELECTIONS FUND TAX
18 CREDIT, ON THE FIRST PAGE OF INCOME TAX RETURN FORMS, FOR DONATIONS PURSUANT
19 TO THIS SUBSECTION.

20 ~~A.~~ C. ~~Beginning January 1, 1999,~~ An additional surcharge of ten per
21 cent shall be imposed on all civil and criminal fines and penalties collected
22 pursuant to section 12-116.01 and shall be deposited into the fund.

23 ~~B.~~ D. At least once per year, the commission shall project the amount
24 of monies that the fund will collect over the next four years and the time
25 such monies shall become available. Whenever the commission determines that
26 the fund contains more monies than the commission determines that it requires
27 to meet current debts plus expected expenses, under the assumption that
28 expected expenses will be at the expenditure limit in section 16-949,
29 subsection A, and taking into account the projections of collections, the
30 commission shall designate such monies as excess monies and so notify the
31 state treasurer, who shall thereupon transfer the excess monies to the
32 general fund.

33 ~~C.~~ E. At least once per year, the commission shall project the amount
34 of clean elections funding for which all candidates will have qualified
35 pursuant to this article for the following calendar year. By the end of each
36 year, the commission shall announce whether the amount that the commission
37 plans to spend the following year pursuant to section 16-949, subsection A
38 exceeds the projected amount of clean elections funding. If the commission
39 determines that the fund contains insufficient monies or the spending cap
40 would be exceeded were all candidates' accounts to be fully funded, the
41 commission may include in the announcement specifications for decreases in
42 the following parameters, based on the commission's projections of
43 collections and expenses for the fund, including that the fund will provide
44 monies under section 16-951 as a fraction of the amounts there specified.

1 ~~D.~~ F. If the commission cannot provide participating candidates with
2 all monies specified under sections 16-951 and 16-952, as decreased by any
3 announcement pursuant to subsection ~~E~~ E of this section, the commission
4 shall allocate any reductions in payments proportionately among candidates
5 entitled to monies and shall declare an emergency. ~~Upon~~ ON declaration of an
6 emergency, a participating candidate may accept private contributions to
7 bring the total monies received by the candidate from the fund and from such
8 private contributions up to the adjusted spending limits, as decreased by any
9 announcement made pursuant to subsection ~~E~~ E of this section.

10 G. AT THE DISCRETION OF THE COMMISSION, MONIES RECEIVED PURSUANT TO
11 SUBSECTIONS A AND B OF THIS SECTION MAY BE TRANSFERRED FOR DEPOSIT TO AN
12 ELECTION EQUIPMENT REFRESHMENT ACCOUNT IN THE CLEAN ELECTIONS FUND. MONIES
13 IN THE ELECTION EQUIPMENT REFRESHMENT ACCOUNT MAY BE USED FOR UPDATING AND
14 REPLACING ELECTION EQUIPMENT USED FOR COUNTY ELECTIONS IN THIS STATE AND MAY
15 BE DISBURSED FOR THOSE PURPOSES ON EVIDENCE OF COUNTY MATCHING MONIES, WITH A
16 COUNTY PROVIDING THREE DOLLARS FOR EVERY ONE DOLLAR FROM THE ACCOUNT.

17 Sec. 3. Subject to the requirements of article IV, part 1, section 1,
18 Constitution of Arizona, section 16-956, Arizona Revised Statutes, is amended
19 to read:

20 16-956. Voter education and enforcement duties

21 A. The commission shall:

22 1. Develop a procedure for publishing a document or section of a
23 document having a space of predefined size for a message chosen by each
24 candidate. For the document that is delivered before the primary election,
25 the document shall contain the names of every candidate for every statewide
26 and legislative district office in that primary election without regard to
27 whether the candidate is a participating candidate or a nonparticipating
28 candidate. For the document that is delivered before the general election,
29 the document shall contain the names of every candidate for every statewide
30 and legislative district office in that general election without regard to
31 whether the candidate is a participating candidate or a nonparticipating
32 candidate. The commission shall deliver one copy of each document to every
33 household that contains a registered voter. For the document that is
34 delivered before the primary election, the delivery may be made over a period
35 of days but shall be sent in time to be delivered to households before the
36 earliest date for receipt by registered voters of any requested early ballots
37 for the primary election. The commission may deliver the second document
38 over a period of days but shall send the second document in order to be
39 delivered to households before the earliest date for receipt by registered
40 voters of any requested early ballots for the general election. The primary
41 election and general election documents published by the commission shall
42 comply with all of the following:

43 (a) For any candidate who does not submit a message pursuant to this
44 paragraph, the document shall include with the candidate's listing the words
45 "no statement submitted".

1 (b) The document shall have printed on its cover the words "citizens
2 clean elections commission voter education guide" and the words "primary
3 election" or "general election" and the applicable year. The document shall
4 also contain at or near the bottom of the document cover in type that is no
5 larger than one-half the size of the type used for "citizens clean elections
6 commission voter education guide" the words "paid for by the citizens clean
7 elections fund".

8 (c) In order to prevent voter confusion, the document shall be easily
9 distinguishable from the publicity pamphlet that is required to be produced
10 by the secretary of state pursuant to section 19-123.

11 2. Sponsor debates among candidates, in such manner as determined by
12 the commission. The commission shall require participating candidates to
13 attend and participate in debates and may specify by rule penalties for
14 nonparticipation. The commission shall invite and permit nonparticipating
15 candidates to participate in debates.

16 3. Prescribe forms for reports, statements, notices and other
17 documents required by this article. The commission shall not require a
18 candidate to use a reporting system other than the reporting system jointly
19 approved by the commission and the office of the secretary of state.

20 4. Prepare and publish instructions setting forth methods of
21 bookkeeping and preservation of records to facilitate compliance with this
22 article and explaining the duties of persons and committees under this
23 article.

24 5. Produce a yearly report describing the commission's activities and
25 any recommendations for changes of law, administration or funding amounts and
26 accounting for monies in the fund.

27 6. Adopt rules to implement the reporting requirements of section
28 16-958, subsections D and E.

29 7. Enforce this article, ensure that money from the fund is placed in
30 candidate campaign accounts or otherwise spent as specified in this article
31 and not otherwise, monitor reports filed pursuant to this chapter and
32 financial records of candidates as needed and ensure that money required by
33 this article to be paid to the fund is deposited in the fund. The commission
34 shall not take action on any external complaint that is filed more than
35 ninety days after the postelection report is filed or ninety days after the
36 completion of the canvass of the election to which the complaint relates,
37 whichever is later.

38 B. The commission may subpoena witnesses, compel their attendance and
39 testimony, administer oaths and affirmations, take evidence and require by
40 subpoena the production of any books, papers, records or other items material
41 to the performance of the commission's duties or the exercise of its powers.

42 C. The commission may adopt rules to carry out the purposes of this
43 article and to govern procedures of the commission. Commission rule making
44 is exempt from title 41, chapter 6, article 3. The commission shall propose
45 and adopt rules in public meetings, with at least sixty days allowed for

1 interested parties to comment after the rules are proposed. The commission
2 shall also file a notice of exempt rule making and the proposed rule in the
3 format prescribed in section 41-1022 with the secretary of state's office for
4 publication in the Arizona administrative register. After consideration of
5 the comments received in the sixty day comment period, the commission may
6 adopt the rule in an open meeting. Any rules given final approval in an open
7 meeting shall be filed in the format prescribed in section 41-1022 with the
8 secretary of state's office for publication in the Arizona administrative
9 register. Any rules adopted by the commission shall only be applied
10 prospectively from the date the rule was adopted.

11 D. Rules adopted by the commission are not effective until January 1
12 in the year following the adoption of the rule, except that rules adopted by
13 unanimous vote of the commission may be made immediately effective and
14 enforceable.

15 E. If, in the view of the commission, the action of a particular
16 candidate or committee requires immediate change to a commission rule, a
17 unanimous vote of the commission is required. Any rule change made pursuant
18 to this subsection that is enacted with less than a unanimous vote takes
19 effect for the next election cycle.

20 F. AS A PART OF THE COMMISSION'S VOTER EDUCATION FUNCTIONS, THE
21 COMMISSION MAY EXPEND VOTER EDUCATION MONIES TO:

22 1. PROVIDE FOR POSTING ON THE COMMISSION'S WEBSITE CANDIDATE
23 STATEMENTS FOR FEDERAL, STATE AND COUNTY CANDIDATES. CANDIDATE STATEMENTS
24 MUST BE LIMITED TO TWO HUNDRED FIFTY WORDS AND MAY INCLUDE A PHOTOGRAPH OF
25 THE CANDIDATE.

26 2. ENGAGE IN VOTER EDUCATION REGARDING JUDICIAL RETENTION ELECTIONS.

27 3. ENGAGE IN VOTER EDUCATION REGARDING STATEWIDE BALLOT MEASURES,
28 INCLUDING DEVELOPING PILOT PROGRAMS FOR THAT VOTER EDUCATION.

29 4. BEGINNING JANUARY 1, 2015, ANNUALLY FUND OFFICEHOLDER EXPENSE
30 ACCOUNTS ESTABLISHED PURSUANT TO SECTION 41-133. FOR PAYMENTS BEGINNING IN
31 JANUARY 2016 AND LATER, IF THE COMMISSION DETERMINES BY DECEMBER THAT MONIES
32 AVAILABLE FOR OFFICEHOLDER EXPENSE ACCOUNT PURPOSES IN THE FOLLOWING YEAR ARE
33 LESS THAN FIVE MILLION DOLLARS, THE COMMISSION SHALL REDUCE THE OFFICEHOLDER
34 ACCOUNT PAYMENTS ON A PRO RATA BASIS, BASED ON THE PERCENTAGE REDUCTION IN
35 THE AMOUNT OF MONIES AVAILABLE. THE OFFICEHOLDER EXPENSE ACCOUNT ANNUAL
36 AMOUNTS ARE AS FOLLOWS, AND SHALL BE ADJUSTED BY THE SECRETARY OF STATE
37 BIENNIALY AS PRESCRIBED IN SECTION 16-905:

38 (a) FOR GOVERNOR, FORT-NINE THOUSAND ONE HUNDRED EIGHTY DOLLARS.

39 (b) FOR SECRETARY OF STATE AND ATTORNEY GENERAL, TWENTY-FIVE THOUSAND
40 EIGHT HUNDRED FORTY DOLLARS.

41 (c) FOR ALL OTHER STATEWIDE OFFICEHOLDERS, TWELVE THOUSAND NINE
42 HUNDRED TWENTY DOLLARS.

43 (d) FOR LEGISLATORS, FOUR THOUSAND NINE HUNDRED DOLLARS.

44 ~~F.~~ G. Based on the results of the elections in any quadrennial
45 election after 2002, and within six months after such election, the

1 commission may adopt rules changing the number of qualifying contributions
2 required for any office from those listed in section 16-950, subsection D, by
3 no more than twenty per cent of the number applicable for the preceding
4 election.

5 Sec. 4. Section 41-133, Arizona Revised Statutes, is amended to read:
6 41-133. Officeholder expenses; account; reporting; limitations;
7 penalties; definition

8 A. Any person who holds elected statewide public office or a
9 legislative office in this state, whether by election or appointment, may
10 ESTABLISH AN OFFICEHOLDER EXPENSE ACCOUNT IN ORDER TO RECEIVE OFFICEHOLDER
11 EXPENSE MONIES PURSUANT TO THIS SECTION. THE CITIZENS CLEAN ELECTIONS
12 COMMISSION SHALL PAY THESE MONIES AS PART OF ITS VOTER EDUCATION FUNCTIONS IN
13 AMOUNTS AS PRESCRIBED IN SECTION 16-956. THE CITIZENS CLEAN ELECTIONS
14 COMMISSION SHALL PRESCRIBE FORMS AND PROCEDURES TO BE USED TO ADMINISTER THIS
15 SECTION. ~~receive or spend monies to defray the costs of performing~~
16 ~~officeholder duties as follows:~~

17 ~~1. An officeholder may receive contributions pursuant to this section~~
18 ~~only from individuals, and the maximum amount that may be received from an~~
19 ~~individual during an election cycle is one hundred fifty dollars.~~

20 ~~2. The total amount that an officeholder may receive or spend pursuant~~
21 ~~to this section during an election cycle is ninety-eight thousand three~~
22 ~~hundred sixty dollars for the governor, fifty-one thousand six hundred eighty~~
23 ~~dollars for the secretary of state and the attorney general, twenty-five~~
24 ~~thousand eight hundred forty dollars for all other statewide officeholders~~
25 ~~and nine thousand eight hundred dollars for a legislator, which may include~~
26 ~~personal monies as prescribed by paragraph 3 of this subsection. The~~
27 ~~secretary of state shall adjust this amount biennially as prescribed in~~
28 ~~section 16-905, subsection H.~~

29 ~~3. An officeholder may contribute up to thirty per cent of the limits~~
30 ~~as prescribed by paragraph 2 of this subsection of the officeholder's~~
31 ~~personal monies to the officeholder's expense account.~~

32 B. For an officeholder's future campaign, monies received do not
33 constitute a contribution as defined in section 16-901 if the monies are
34 received, expended and reported as prescribed in this section.

35 C. An officeholder shall establish a separate account for officeholder
36 expenses, which shall be separate from any candidate campaign account. The
37 officeholder shall file a statement of organization for the account
38 designated as an officeholder expense account. Monies ~~raised or~~ spent for
39 officeholder expenses shall be reported under campaign finance reporting
40 requirements pursuant to title 16, chapter 6, article 1.

41 D. An officeholder shall not use monies in the officeholder account
42 for campaign purposes. Permissible uses of monies in an officeholder account
43 include the following:

- 44 1. Office equipment and supplies.
- 45 2. Travel related to the officeholder's duties.

- 1 3. Meeting or communicating with constituents.
- 2 4. Expenses for informational and educational purposes, including
- 3 subscriptions to newspapers, magazines or other periodicals or websites or
- 4 other informational services, membership or participation in community,
- 5 professional or fraternal organizations and participation in conferences and
- 6 seminars.

7 E. An officeholder shall not receive or spend monies from the
8 officeholder account during the period beginning ~~April 30 in an election year~~
9 **NINETY DAYS BEFORE THE PRIMARY ELECTION**, shall complete the purchase or
10 otherwise use the item before ~~April 30 in an election year~~ **NINETY DAYS BEFORE**
11 **THE PRIMARY ELECTION** and shall not spend those monies until after the day of
12 the general election. Any monies remaining in the officeholder expense
13 account beginning ~~April 30 in an election year~~ **NINETY DAYS BEFORE THE PRIMARY**
14 **ELECTION** may not be used **AND SHALL BE RETURNED TO THE CITIZENS CLEAN**
15 **ELECTIONS COMMISSION NOT LATER THAN SIXTY DAYS BEFORE THE PRIMARY ELECTION**
16 **DAY. FOR GOOD CAUSE SHOWN, THE COMMISSION MAY GRANT AN EXTENSION OF THE**
17 **DEADLINE TO RETURN THOSE MONIES TO THE COMMISSION. ~~except as follows:~~**

- 18 ~~1. Paid to the state general fund.~~
- 19 ~~2. For a person who continues to hold office as prescribed in this~~
- 20 ~~section, carried forward to an officeholder expense account for another~~
- 21 ~~office or term of office, subject to the limitations prescribed by this~~
- 22 ~~section.~~

23 F. An officeholder shall not transfer officeholder account monies to
24 any other account or committee except for another officeholder account for
25 that same officeholder.

26 ~~G. Section 41-1234.01 applies to contributions to an officeholder~~
27 ~~account for legislators.~~

28 ~~H.~~ G. A person who violates this section is subject to a civil
29 penalty of three times any amount improperly received, spent or reported.

30 ~~I. Section 16-924 applies for the implementation and enforcement of~~
31 ~~this section.~~

32 ~~J. Any monies held by an officeholder pursuant to the officeholder~~
33 ~~expense account rules established by the citizens clean elections commission~~
34 ~~are subject to this section, and the citizens clean elections commission has~~
35 ~~no further authority with respect to those monies.~~

36 **H. A PERSON WHO VIOLATES THIS SECTION IS SUBJECT TO THE PENALTIES**
37 **PRESCRIBED IN TITLE 16, CHAPTER 6, ARTICLE 2.**

38 ~~K.~~ I. For the purposes of this section, "officeholder" means a person
39 who holds an elected statewide public office or a legislative office in this
40 state, whether by election or appointment.

41 Sec. 5. Section 41-2421, Arizona Revised Statutes, is amended to read:
42 **41-2421. Enhanced collections; allocation of monies; criminal**
43 **justice entities**

44 A. Notwithstanding any other law and except as provided in subsection
45 J of this section, five per cent of any monies collected by the supreme court

1 and the court of appeals for the payment of filing fees, including clerk
2 fees, diversion fees, fines, penalties, surcharges, sanctions and
3 forfeitures, shall be deposited, pursuant to sections 35-146 and 35-147, and
4 allocated pursuant to the formula in subsection B of this section. This
5 subsection does not apply to monies collected by the courts pursuant to
6 section 16-954, ~~subsection A~~, or for child support, restitution or exonerated
7 bonds.

8 B. The monies deposited pursuant to subsection A of this section shall
9 be allocated according to the following formula:

10 1. 21.61 per cent to the state aid to county attorneys fund
11 established by section 11-539.

12 2. 20.53 per cent to the state aid to indigent defense fund
13 established by section 11-588.

14 3. 57.37 per cent to the state aid to the courts fund established by
15 section 12-102.02.

16 4. 0.49 per cent to the department of law for the processing of
17 criminal cases.

18 C. Notwithstanding any other law and except as provided in subsection
19 J of this section, five per cent of any monies collected by the superior
20 court, including the clerk of the court and the justice courts in each county
21 for the payment of filing fees, including clerk fees, diversion fees, adult
22 and juvenile probation fees, juvenile monetary assessments, fines, penalties,
23 surcharges, sanctions and forfeitures, shall be transmitted to the county
24 treasurer for allocation pursuant to subsections E, F, G and H of this
25 section. This subsection does not apply to monies collected by the courts
26 pursuant to section 16-954, ~~subsection A~~ or for child support, restitution or
27 exonerated bonds.

28 D. The supreme court shall adopt guidelines regarding the collection
29 of revenues pursuant to subsections A and C of this section.

30 E. The county treasurer shall allocate the monies deposited pursuant
31 to subsection C of this section according to the following formula:

32 1. 21.61 per cent for the purposes specified in section 11-539.

33 2. 20.53 per cent for the purposes specified in section 11-588.

34 3. 57.37 per cent to the local courts assistance fund established by
35 section 12-102.03.

36 4. 0.49 per cent to the state treasurer for transmittal to the
37 department of law for the processing of criminal cases.

38 F. The board of supervisors in each county shall separately account
39 for all monies received pursuant to subsections C and E of this section and
40 expenditures of these monies may be made only after the requirements of
41 subsections G and H of this section have been met.

42 G. By December 1 of each year each county board of supervisors shall
43 certify if the total revenues received by the justice courts and the superior
44 court, including the clerk of the superior court, exceed the amount received

1 in fiscal year 1997-1998. If the board so certifies, then the board shall
2 distribute the lesser of either:

3 1. The total amount deposited pursuant to subsection C of this
4 section.

5 2. The amount collected and deposited pursuant to subsection C of this
6 section that exceeds the base year collections of fiscal year 1997-1998.
7 These monies shall be distributed according to the formula specified in
8 subsection E of this section. Any monies remaining after this allocation
9 shall be transmitted as otherwise provided by law.

10 H. If a county board of supervisors determines that the total revenues
11 transmitted by the superior court, including the clerk of the superior court
12 and the justice courts in the county, do not equal the base year collections
13 transmitted in fiscal year 1997-1998 the monies specified in subsection C of
14 this section shall be transmitted by the county treasurer as otherwise
15 provided by law.

16 I. For the purposes of this section, base year collections shall be
17 those collections specified in subsection C of this section.

18 J. Monies collected pursuant to section 12-116.01, subsection B shall
19 be allocated as follows:

20 1. 15.44 per cent to the state aid to county attorneys fund
21 established by section 11-539.

22 2. 14.66 per cent to the state aid to indigent defense fund
23 established by section 11-588.

24 3. 40.97 per cent to the state aid to the courts fund established by
25 section 12-102.02.

26 4. 0.35 per cent to the department of law for the processing of
27 criminal cases.

28 5. 14.29 per cent to the Arizona criminal justice commission for
29 distribution to state, county and municipal law enforcement full service
30 forensic crime laboratories pursuant to rules adopted by the Arizona criminal
31 justice commission.

32 6. 14.29 per cent to the supreme court for allocation to the municipal
33 courts pursuant to subsection K of this section.

34 K. The supreme court shall administer and allocate the monies received
35 pursuant to subsection J, paragraph 6 of this section to the municipal courts
36 based on the total amount of surcharges transmitted pursuant to section
37 12-116.01 by that jurisdiction's city treasurer to the state treasurer for
38 the prior fiscal year divided by the total amount of surcharges transmitted
39 to the state treasurer pursuant to section 12-116.01 by all city treasurers
40 statewide for the prior fiscal year. The municipal court shall use the
41 monies received to improve, maintain and enhance the ability to collect and
42 manage monies assessed or received by the courts, to improve court automation
43 and to improve case processing or the administration of justice. The
44 municipal court shall submit a plan to the supreme court and the supreme

1 court shall approve the plan before the municipal court begins to spend these
2 allocated monies.

3 Sec. 6. Section 43-323, Arizona Revised Statutes, is amended to read:
4 43-323. Place and form of filing returns

5 A. All returns required by this title shall be in such form as the
6 department may from time to time prescribe and shall be filed with the
7 department.

8 B. The department shall prescribe a short form return for individual
9 taxpayers who:

10 1. Are eligible and elect to pay tax based on the optional tax tables
11 pursuant to section 43-1012.

12 2. Elect to claim the optional standard deduction pursuant to section
13 43-1041.

14 3. Elect not to file for credits against income tax liability other
15 than those contained in SECTION 16-954, SUBSECTION B AND sections 43-1072,
16 43-1072.01 and 43-1073.

17 4. Are not required to add any income under section 43-1021 and do not
18 elect any subtractions under section 43-1022, except for the exemptions
19 allowed under section 43-1023.

20 C. The department may provide a simplified return form for individual
21 taxpayers who:

22 1. Are eligible and elect to pay tax based on the optional tax tables
23 pursuant to section 43-1012.

24 2. Are residents for the full taxable year.

25 3. File as single individuals or married couples filing joint returns
26 under section 43-309.

27 4. Are not sixty-five years of age or older or blind at the end of the
28 taxable year.

29 5. Claim no exemptions under section 43-1023 for the taxable year.

30 6. Elect to claim the optional standard deduction under section
31 43-1041.

32 7. Are not required to add any income under section 43-1021 and do not
33 elect to claim any subtractions under section 43-1022 or file for any credits
34 under chapter 10, article 5 of this title except the credits provided by
35 sections 43-1072.01 and 43-1073.

36 8. Do not elect to contribute a portion of any tax refund as provided
37 by any provision of chapter 6, article 1 of this title. Notwithstanding any
38 provision of chapter 6, article 1 of this title, a simplified return form
39 under this subsection shall not include any space for the taxpayer to so
40 contribute a portion of a refund.

41 D. The department shall prepare blank forms for the returns and shall
42 distribute them throughout the state and furnish them ~~upon~~ ON application.
43 Failure to receive or secure the form does not relieve any taxpayer from
44 making any return required.

1 Sec. 7. Section 43-1071, Arizona Revised Statutes, is amended to read:
2 43-1071. Credit for income taxes paid to other states:
3 definitions

4 A. Subject to the following conditions, residents shall be allowed a
5 credit against the taxes imposed by this chapter for net income taxes imposed
6 by and paid to another state or country on income taxable under this chapter:

7 1. The credit shall be allowed only for taxes paid to the other state
8 or country on income that is derived from sources within that state or
9 country and that is taxable under its laws irrespective of the residence or
10 domicile of the recipient.

11 2. The credit shall not be allowed if the other state or country
12 allows residents of this state a credit against the taxes imposed by that
13 state or country for taxes paid or payable under this chapter.

14 3. The credit shall not exceed the proportion of the tax payable under
15 this chapter as the income subject to tax in the other state or country and
16 also taxable under this title bears to the taxpayer's entire income on which
17 the tax is imposed by this chapter.

18 B. If any taxes paid to another state or country for which a taxpayer
19 has been allowed a credit under this section are at any time credited or
20 refunded to the taxpayer:

21 1. The taxpayer shall immediately report that fact to the department.

22 2. A tax equal to the credit allowed for the taxes credited or
23 refunded by the other state or country is due and payable from the taxpayer
24 on notice and demand from the department.

25 3. Interest shall be added to and collected as a part of the tax at
26 the rate determined pursuant to section 42-1123 from the date the credit was
27 allowed under this chapter to the date of the notice and demand.

28 4. If the tax and interest are not paid within ten days from the date
29 of notice and demand, there shall be collected as a part of the tax interest
30 on the unpaid amount of tax and interest at the rate of twelve per cent a
31 year from the date of the notice and demand until the amount is paid.

32 C. The credit against the taxes imposed by this chapter for net income
33 taxes paid to another state or country shall not be allowed to any taxpayer
34 or any class of taxpayers if the allowances of the credit will result in any
35 invalid or illegal discrimination against another taxpayer or another class
36 of taxpayers.

37 D. For taxable years beginning on or after January 1, 2002 and subject
38 to the following conditions, a resident of this state, who is also considered
39 to be a resident of another state under the laws of the other state, is
40 allowed a credit against the taxes imposed by this title for net income taxes
41 imposed by and paid to that state on income taxable under this title as
42 follows:

43 1. The credit is allowed only if the other state taxes the income to
44 the resident of this state and does not allow the taxpayer a credit against

1 taxes imposed by that state on that income for taxes paid or payable on that
2 income under this title.

3 2. The credit is allowed only for the proportion of the taxes paid to
4 the other state as the income taxable under this title and also subject to
5 tax in the other state bears to the entire income on which the taxes paid to
6 the other state are imposed.

7 3. The credit may not exceed the proportion of the tax payable under
8 this title as the income taxable under this title and also subject to tax in
9 the other state bears to the entire income taxable under this title.

10 4. For the purpose of the credit allowed under this subsection,
11 "income taxable under this title and also subject to tax in the other state"
12 means income that would be sourced to the other state if the other state were
13 imposing its income tax on the taxpayer as if the taxpayer was a nonresident
14 of that other state.

15 E. For the purposes of this section, net income taxes imposed by
16 another country include taxes that qualify for a credit under sections 901
17 and 903 of the internal revenue code and the regulations under those
18 sections.

19 F. For the purposes of this section:

20 1. "Entire income on which the other state's or country's tax is
21 imposed" means the other state's or country's income computed under the
22 equivalent of section 43-1094 but does not include any exemption allowable
23 under the equivalent of section 43-1023.

24 2. "Entire income on which the tax is imposed by this chapter" means
25 Arizona adjusted gross income as defined and computed under section 43-1001
26 but does not include any exemption allowed under section 43-1023.

27 3. "Income subject to tax in the other state or country and also
28 taxable under this title" means the portion of income that is included in
29 entire income on which the tax is imposed by this chapter that is also
30 included in the entire income on which the other state's or country's tax is
31 imposed. The taxpayer shall increase or reduce the portion of income that is
32 included in the entire income on which the tax is imposed by this chapter by
33 any related additions under section 43-1021 and by any related subtractions
34 under section 43-1022. The taxpayer shall increase or reduce the portion of
35 income that is included in the entire income on which the other state's or
36 country's tax is imposed by any related additions and subtractions under the
37 other state's equivalent of sections 43-1021 and 43-1022, as applicable.

38 4. "Tax payable under this chapter" means the income tax imposed by
39 this state on the taxpayer's taxable income as defined under section 43-1001
40 minus **ALL OF THE FOLLOWING:**

41 (a) **THE REDUCTION AMOUNT RECEIVED UNDER SECTION 16-954, SUBSECTION A.**

42 (b) **ANY TAX CREDIT AMOUNT CLAIMED UNDER SECTION 16-954, SUBSECTION B.**

43 (c) Any tax credit amount claimed for the taxable year under this
44 article but not including the credit amount allowed under this section.

1 43-1022. The taxpayer shall increase or reduce the portion of income that is
2 included in the entire income on which taxes paid to the state or country of
3 residence are imposed by any related additions and subtractions under the
4 other state's equivalent of sections 43-1021 and 43-1022, as applicable.

5 4. "Tax payable under this title" means the income tax imposed by this
6 state on the taxpayer's taxable income computed under section 43-1095 minus
7 **ALL OF THE FOLLOWING:**

8 (a) **THE REDUCTION AMOUNT RECEIVED UNDER SECTION 16-954, SUBSECTION A.**

9 (b) **ANY TAX CREDIT AMOUNT CLAIMED UNDER SECTION 16-954, SUBSECTION B.**

10 (c) Any tax credit amount claimed for the taxable year under article 5
11 of this chapter but not including the credit amount allowed under this
12 section.

13 Sec. 9. Nonseverability

14 If any portion of this act is finally adjudicated invalid, the entire
15 act is void.

16 Sec. 10. Requirements for enactment; three-fourths vote

17 Pursuant to article IV, part 1, section 1, Constitution of Arizona,
18 sections 16-949, 16-954 and 16-956, Arizona Revised Statutes, as amended by
19 this act, are effective only on the affirmative vote of at least
20 three-fourths of the members of each house of the legislature.

21 Sec. 11. Emergency

22 This act is an emergency measure that is necessary to preserve the
23 public peace, health or safety and is operative immediately as provided by
24 law.