

REFERENCE TITLE: fire district assistance tax; limit

State of Arizona
Senate
Fifty-first Legislature
Second Regular Session
2014

SB 1472

Introduced by
Senator Driggs

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. Beginning with the fiscal year that starts July 1, 2012, a
7 consolidated district shall not receive more than four hundred thousand
8 dollars in fire district assistance tax monies, without regard to whether the
9 consolidated district is located in more than one county.

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

17 E. The board, based on the budget submitted by the district, shall
18 levy, in addition to any tax levied as provided in section 48-806, a tax not
19 to exceed three dollars ~~twenty-five~~ FIFTY cents per one hundred dollars of
20 assessed valuation FOR FISCAL YEARS BEGINNING WITH THE FISCAL YEAR THAT
21 STARTS JULY 1, 2014, or the amount of the levy in the preceding tax year
22 multiplied by 1.08, whichever levy is less, and minus any amounts required to
23 reduce the levy pursuant to subsection ~~H~~ I of this section, against all
24 property situated within the district boundaries and appearing on the last
25 assessment roll. The levy shall be made and the taxes collected in the
26 manner, at the time and by the officers provided by law for the collection of
27 general county taxes.

28 F. BEGINNING WITH THE FISCAL YEAR THAT STARTS JULY 1, 2015 AND FOR
29 EACH SUCCEEDING FISCAL YEAR, THE TAX RATE PRESCRIBED BY SUBSECTION E OF THIS
30 SECTION MUST BE INCREASED BY AN AMOUNT OF TWO PER CENT ANNUALLY. EACH
31 PRECEDING FISCAL YEAR'S TAX RATE SERVES AS THE BASE TAX RATE FOR CALCULATION
32 OF THE FOLLOWING FISCAL YEAR'S INCREASE.

33 ~~F.~~ G. The qualified electors of the district, voting in an election
34 as prescribed by subsection ~~G~~ H of this section, may authorize the board to
35 levy a tax exceeding the limits prescribed by subsection E of this section
36 under one, ~~but not both,~~ of the following options:

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

44 2. If the net assessed valuation of all property in the district
45 declines by a combined total of twenty per cent or more over two consecutive

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

11 3. THE ELECTORS MAY AUTHORIZE A PERMANENT OVERRIDE OF THE TAX RATE
 12 LIMIT PRESCRIBED BY SUBSECTION E OF THIS SECTION FOR A TAX LEVY AMOUNT UP TO
 13 THE MAXIMUM LIMIT PERMISSIBLE UNDER SUBSECTION E OF THIS SECTION. A
 14 DISTRICT'S LEVY MAY NOT EXCEED THE TAX LEVY LIMITS PRESCRIBED BY SUBSECTION E
 15 OF THIS SECTION. AN ELECTION THAT IS HELD FOR THE PURPOSES OF THIS PARAGRAPH
 16 MUST BE HELD AT A REGULARLY SCHEDULED GENERAL ELECTION HELD ON THE FIRST
 17 TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER.

18 ~~G.~~ H. The call for an override election held for the purposes of
 19 subsection ~~F~~ G of this section must state:

20 1. The purpose for requesting additional secondary property tax
 21 revenue for the district.

22 2. If the voters approve the levy:

23 (a) The maximum dollar amount of secondary property tax that may be
 24 collected in the first year compared to the existing maximum secondary
 25 property tax levy prescribed in subsection E of this section.

26 (b) The estimated secondary property tax rate to fund the proposed
 27 levy under subdivision (a) OF THIS PARAGRAPH in the first tax year compared
 28 to the secondary property tax rate levied in the current year.

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

38 ~~I.~~ J. The district shall maintain any property tax revenues collected
 39 in excess of the sum of the amounts of taxes collectible pursuant to section
 40 42-17054 and the allowable levy determined under subsection E of this section
 41 in a separate fund and used to reduce the property tax levy in the following
 42 tax year.

43 ~~J.~~ K. The levy limit under this section is considered to be increased
 44 each year to the maximum limit permissible under subsection E of this section

1 regardless of whether the district actually levies taxes up to the maximum
2 permissible amount in that year.

3 ~~K.~~ L. The county treasurer shall keep the money received from taxes
4 levied pursuant to subsection E of this section in a separate fund known as
5 the "fire district general fund" of the district for which collected. Any
6 surplus remaining in the fire district general fund at the end of the fiscal
7 year shall be credited to the fire district general fund of the district for
8 which it was collected for the succeeding fiscal year and after subtraction
9 of accounts payable and encumbrances, shall be used to reduce the property
10 tax levy in the following tax year.

11 ~~L.~~ M. A fire district may maintain separate accounts with a financial
12 institution that is authorized to do business in this state for the purpose
13 of operating a payroll account or for holding special revenues or ambulance
14 revenues, or both, as necessary to fulfill the district's fiduciary
15 responsibilities.

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

23 ~~N.~~ O. A fire district shall reconcile all balance sheet accounts for
24 accounts for each calendar month of the fiscal year within thirty days after
25 the end of that calendar month. The fire district board shall review the
26 reconciled balance sheet accounts monthly.

27 ~~O.~~ P. A fire district shall produce monthly financial reports to
28 include a register of checks, warrants and deposits, a statement of financial
29 activities and a statement of net assets for each calendar month. A fire
30 district shall produce a cash flow projection report for each fiscal year.
31 The cash flow projection report shall be updated monthly with the actual
32 revenues and expenditures from the preceding month. Each month, the fire
33 district board shall review the financial reports, the updated cash flow
34 projections report and all month-end fund statements and reports of the
35 preceding month to include those reports provided by the county treasurer and
36 each of the financial institutions in which the district maintains an
37 account. Any financial report or cash flow projection report that would
38 indicate that the district is likely to violate section 48-805.02,
39 subsection D, paragraph 1 or that would indicate an adverse impact on the
40 ongoing operations or liquidity of the district shall be reported by the fire
41 district board chairman in writing and delivered by certified mail to the
42 county treasurer and the county board of supervisors within ten days after
43 the discovery.

44 ~~P.~~ Q. Notwithstanding section 11-605, a fire district may register
45 warrants only if separate accounts are maintained by the county treasurer for

1 each governmental fund of a fire district. Warrants may only be registered
2 on the maintenance and operation account, the unrestricted capital outlay
3 account and the special revenue account, and only if the total cash balance
4 of all three accounts is insufficient to pay the warrants and after any
5 revolving line of credit has been expended as prescribed in section 11-635.
6 ~~Q.~~ R. When a fire district has adopted a budget and the board of
7 supervisors has levied a fire district tax as provided in subsection E of
8 this section and the district has insufficient money in its general fund with
9 the county treasurer to operate the district, the chairman of the board, on
10 or after August 1 of each year, may draw warrants for the purposes prescribed
11 in section 48-805 on the county treasurer, payable on November 1 of that year
12 or on April 1 of the succeeding year. The aggregate amounts of the warrants
13 may not exceed ninety per cent of the taxes levied by the county for the
14 district's current fiscal year. If the treasurer cannot pay a warrant for
15 lack of funds in the fire district general fund, the warrant shall be
16 endorsed, be registered, bear interest and be redeemed as provided by law for
17 county warrants, except that the warrants are payable only from the fire
18 district general fund.