

REFERENCE TITLE: revenue; budget reconciliation; 2015-2016

State of Arizona  
House of Representatives  
Fifty-second Legislature  
First Regular Session  
2015

## **HB 2673**

Introduced by  
Representative Olson (with permission of Committee on Rules)

### **AN ACT**

AMENDING SECTION 20-224, ARIZONA REVISED STATUTES; REPEALING TITLE 23, CHAPTER 4, ARTICLE 5.2, ARIZONA REVISED STATUTES; AMENDING SECTIONS 41-1541, 41-1544, 42-5029 AND 42-5030, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-5041; AMENDING SECTION 42-6204, ARIZONA REVISED STATUTES; AMENDING LAWS 2010, CHAPTER 321, SECTION 11; AMENDING LAWS 2000, CHAPTER 383, SECTION 10, AS AMENDED BY LAWS 2002, CHAPTER 264, SECTION 4, LAWS 2007, CHAPTER 293, SECTION 3 AND LAWS 2011, SECOND SPECIAL SESSION, CHAPTER 1, SECTION 126; AMENDING LAWS 2013, FIRST SPECIAL SESSION, CHAPTER 9, SECTION 16, AS AMENDED BY LAWS 2014, CHAPTER 9, SECTION 2; AMENDING LAWS 2014, CHAPTER 9, SECTION 11; 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 20-224, Arizona Revised Statutes, is amended to  
3 read:

4 20-224. Premium tax; reports

5 A. On or before March 1 of each year each authorized domestic insurer,  
6 each other insurer and each formerly authorized insurer referred to in  
7 section 20-206, subsection B shall file with the director a report in a form  
8 prescribed by the director showing total direct premium income including  
9 policy membership and other fees and all other considerations for insurance  
10 from all classes of business whether designated as a premium or otherwise  
11 received by it during the preceding calendar year on account of policies and  
12 contracts covering property, subjects or risks located, resident or to be  
13 performed in this state, after deducting from such total direct premium  
14 income applicable cancellations, returned premiums, the amount of reduction  
15 in or refund of premiums allowed to industrial life policyholders for payment  
16 of premiums direct to an office of the insurer and all policy dividends,  
17 refunds, savings coupons and other similar returns paid or credited to  
18 policyholders within this state and not reapplied as premiums for new,  
19 additional or extended insurance. No deduction shall be made of the cash  
20 surrender values of policies or contracts. Considerations received on  
21 annuity contracts, as well as the unabsorbed portion of any premium deposit,  
22 shall not be included in total direct premium income, and neither shall be  
23 subject to tax. The report shall separately indicate the total direct fire  
24 insurance premium income received from property located in the incorporated  
25 cities and towns certified by the state fire marshal pursuant to section  
26 9-951, subsection B, as procuring the services of a private fire company.

27 B. Coincident with the filing of such tax report each insurer shall  
28 pay to the director for deposit, pursuant to sections 35-146 and 35-147, a  
29 tax of 2.0 ~~per cent~~ PERCENT of such net premiums, except that the tax on fire  
30 insurance premiums on property located in an incorporated city or town  
31 certified by the state fire marshal pursuant to section 9-951, subsection B,  
32 as procuring the services of a private fire company is .66 ~~per cent~~ PERCENT,  
33 the tax on all other fire insurance premiums is 2.2 ~~per cent~~ PERCENT and the  
34 tax on health care service and disability insurance premiums is as prescribed  
35 under sections 20-837, 20-1010 and 20-1060. Any payments of tax pursuant to  
36 subsection E of this section shall be deducted from the tax payable pursuant  
37 to this subsection. Each insurer shall reflect the cost savings attributable  
38 to the lower tax in fire insurance premiums charged on property located in an  
39 incorporated city or town certified by the state fire marshal pursuant to  
40 section 9-951, subsection B, as procuring the services of a private fire  
41 company. No insurer shall be liable to the state or to any other person, or  
42 shall be subject to regulatory action, relating to the calculation or  
43 submittal of fire insurance premium taxes based in good faith ~~upon~~ ON the  
44 state fire marshal's certification.

1 C. Eighty-five ~~per-cent~~ PERCENT of the tax paid under this section by  
2 an insurer on account of premiums received for fire insurance shall be  
3 separately specified in the report and shall be apportioned in the manner  
4 provided by sections 9-951, 9-952 and 9-972, except that all of the tax so  
5 allocated to a fund of a municipality or fire district that has no volunteer  
6 ~~fire-fighters~~ FIREFIGHTERS or pension obligations to volunteer ~~fire-fighters~~  
7 FIREFIGHTERS shall be appropriated to the account of the municipality or fire  
8 district in the public safety personnel retirement system and all of the tax  
9 so allocated to a fund of a municipality or fire district that has both  
10 full-time paid ~~fire-fighters~~ FIREFIGHTERS and volunteer ~~fire-fighters~~  
11 FIREFIGHTERS or pension obligations to full-time paid ~~fire-fighters~~  
12 FIREFIGHTERS or volunteer ~~fire-fighters~~ FIREFIGHTERS shall be appropriated to  
13 the account of the municipality or fire district in the public safety  
14 personnel retirement system where it shall be reallocated by actuarial  
15 procedures proportionately to the municipality or fire district for the  
16 account of the full-time paid ~~fire-fighters~~ FIREFIGHTERS and to the  
17 municipality or fire district for the account of the volunteer ~~fire-fighters~~  
18 FIREFIGHTERS. A municipality or fire district shall provide to the public  
19 safety personnel retirement system all information that the system deems  
20 necessary to perform the reallocation prescribed by this section. A full  
21 accounting of such reallocation shall be forwarded to the municipality or  
22 fire district and their local boards.

23 D. This section shall not apply to title insurance, and such insurers  
24 shall be taxed as provided in section 20-1566.

25 E. Any insurer that paid or is required to pay a tax of two thousand  
26 dollars or more on net premiums received during the preceding calendar year,  
27 pursuant to subsection B of this section and sections 20-224.01, 20-837,  
28 20-1010, 20-1060 and 20-1097.07, shall file on or before the fifteenth day of  
29 each month from March through August a report for that month, on a form  
30 prescribed by the director, accompanied by a payment in an amount equal to  
31 fifteen ~~per-cent~~ PERCENT of the amount paid or required to be paid during the  
32 preceding calendar year pursuant to subsection B of this section and sections  
33 20-224.01, 20-837, 20-1010, 20-1060 and 20-1097.07. The payments are due and  
34 payable on or before the fifteenth day of each month and shall be made to the  
35 director for deposit, pursuant to sections 35-146 and 35-147.

36 F. Except for the tax paid on fire insurance premiums pursuant to  
37 subsections B and C of this section, an insurer may claim a premium tax  
38 credit if the insurer qualifies for a credit pursuant to section 20-224.03,  
39 20-224.04, 20-224.06 or 20-224.07.

40 G. On receipt of a properly documented claim, a refund shall be  
41 provided to an insurer from available funds for the excess amount of any fire  
42 insurance premium improperly paid by the insurer. The insurer shall reflect  
43 the refund in the fire insurance premiums charged on the property that was  
44 charged the excessive amount.

1 H. ON OR BEFORE THE LAST DAY OF JANUARY, APRIL, JULY AND OCTOBER EACH  
2 YEAR, THE DIRECTOR OF INSURANCE SHALL SUBMIT TO THE DIRECTORS OF THE JOINT  
3 LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING  
4 AND BUDGETING QUARTERLY REPORTS ON COLLECTIONS OF INSURANCE PREMIUM TAX BY  
5 INSURANCE LINE.

6 I. ON OR BEFORE SEPTEMBER 30 OF EACH YEAR, THE DIRECTOR OF INSURANCE  
7 SHALL REPORT TO THE DIRECTORS OF THE JOINT LEGISLATIVE BUDGET COMMITTEE AND  
8 THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING ON THE AMOUNT OF  
9 INSURANCE PREMIUM TAX CREDITS ESTABLISHED BY SECTIONS 20-224.02, 20-224.03,  
10 20-224.04, 20-224.05, 20-224.06 AND 20-224.07 THAT WERE USED DURING THE  
11 PREVIOUS FISCAL YEAR.

12 Sec. 2. Delayed repeal

13 Title 23, chapter 4, article 5.2, Arizona Revised Statutes, is repealed  
14 from and after December 31, 2015.

15 Sec. 3. Section 41-1541, Arizona Revised Statutes, is amended to read:  
16 41-1541. Arizona job training program

17 A. The Arizona job training program is established in the Arizona  
18 commerce authority. The program shall provide training for specific  
19 employment opportunities with qualified new and expanding businesses and  
20 businesses undergoing economic conversion. ~~If job training employer tax~~  
21 ~~monies are deposited in the Arizona job training fund pursuant to section~~  
22 ~~23-769, the program may provide incumbent worker training.~~ The guidelines  
23 established pursuant to section 41-1543 shall provide additional weight for  
24 incumbent worker training applicants who demonstrate that incumbent worker  
25 trainees will receive an increase in compensation on completion of the  
26 training.

27 B. The chief executive officer shall implement the program and spend  
28 monies in the Arizona job training fund established by section 41-1544.

29 C. The authority, the business receiving monies for training and the  
30 provider of training shall design the training programs.

31 D. The business shall contribute monies or other appropriate  
32 resources, including technical assistance, machinery or training space, as  
33 follows:

34 1. For specific employment opportunities with qualified new and  
35 expanding businesses and businesses undergoing economic conversion, in an  
36 amount equal to at least twenty-five ~~per-cent~~ PERCENT of the estimated cost  
37 of the proposed training.

38 2. For incumbent worker training, in an amount equal to at least fifty  
39 ~~per-cent~~ PERCENT of the estimated cost of the proposed training.

40 E. The authority shall not be a direct provider of the training  
41 established pursuant to this article.

42 F. Training may be provided by the state community college system, a  
43 private postsecondary educational institution licensed under title 32,  
44 chapter 30, a community college operated by a tribal government or another  
45 qualified training provider.

1 G. Before a business currently operating in this state is eligible to  
2 receive training monies, the authority shall require the business to maintain  
3 or exceed its current level of training expenditures.

4 Sec. 4. Section 41-1544, Arizona Revised Statutes, is amended to read:  
5 41-1544. Arizona job training fund; definitions

6 A. The Arizona job training fund is established consisting of  
7 legislative appropriations, ~~monies deposited pursuant to section 23-769,~~  
8 gifts, grants and other monies. The authority shall administer the fund. On  
9 notice from the chief executive officer, the state treasurer shall invest and  
10 divest monies in the fund as provided by section 35-313, and monies earned  
11 from investment shall be credited to the fund.

12 B. The chief executive officer may accept and expend federal monies  
13 and private grants, gifts and contributions to assist in carrying out the  
14 purposes of this article. All monies for the program shall be expended only  
15 for the costs related to training, ~~except that the authority shall reimburse~~  
16 ~~the department of economic security for the development costs for~~  
17 ~~establishing a system to collect the job training employer tax imposed~~  
18 ~~pursuant to section 23-769 in an amount of not more than four hundred~~  
19 ~~thousand dollars and for incremental costs incurred by the department of~~  
20 ~~economic security relating to the collection of the job training employer tax~~  
21 ~~imposed pursuant to section 23-769.~~ Monies in the Arizona job training fund  
22 are exempt from the provisions of section 35-190 relating to lapsing of  
23 appropriations.

24 C. The Arizona job training fund monies shall be spent on approval of  
25 the authority at the direction of the chief executive officer in accordance  
26 with the guidelines and procedures adopted by the governor's council on  
27 workforce policy.

28 D. A minimum of twenty-five ~~per cent~~ PERCENT of the monies  
29 appropriated to the Arizona job training fund shall be used to provide  
30 training to small businesses employing fewer than one hundred employees.

31 E. A minimum of twenty-five ~~per cent~~ PERCENT of the monies  
32 appropriated to the Arizona job training fund shall be used to provide  
33 training to businesses located in rural areas of the state.

34 F. If a business receives monies for training from the Arizona job  
35 training fund and the business employs fewer than one hundred employees and  
36 is located in a rural area of this state, the business shall be included in  
37 the minimum percentages prescribed in subsections D and E of this section.

38 G. No more than fifty ~~per cent~~ PERCENT of the monies in the Arizona  
39 job training fund shall be used to provide incumbent worker training.

40 H. A single grant awarded pursuant to this article shall not be more  
41 than ten ~~per cent~~ PERCENT of the estimated annual total of monies deposited  
42 in the Arizona job training fund.

1 I. The authority shall not approve grant monies for reimbursement of  
2 the following employer costs:  
3 1. Fringe benefits, food and beverages, recruitment and signing  
4 bonuses for trainees and trainers.  
5 2. Employer costs to complete a program application.  
6 3. Except for small businesses, training expenses for partners or  
7 corporate officers.  
8 4. Employee relocation expenses.  
9 5. Training or course development costs that are not part of the  
10 employer's approved training plan.  
11 6. Costs for assessing the training needs of employees.  
12 7. Drug or other testing costs for employee screening or prescreening  
13 purposes.  
14 8. Costs for trade shows and conferences or seminars that do not  
15 result in a skill certificate that is earned by an employee.  
16 9. Other costs prohibited by rule.  
17 J. For the purposes of this section:  
18 1. "Rural area" means either:  
19 (a) A county with a population of less than seven hundred fifty  
20 thousand persons according to the most recent United States decennial census.  
21 (b) A census county division with less than fifty thousand persons in  
22 a county with a population of seven hundred fifty thousand or more persons  
23 according to the most recent United States decennial census.  
24 2. "Small business" means a concern, including its affiliates, that  
25 employs fewer than one hundred employees.  
26 Sec. 5. Section 42-5029, Arizona Revised Statutes, is amended to read:  
27 42-5029. Remission and distribution of monies; definition  
28 A. The department shall deposit, pursuant to sections 35-146 and  
29 35-147, all revenues collected under this article and articles 4, 5 and 8 of  
30 this chapter pursuant to section 42-1116, separately accounting for:  
31 1. Payments of estimated tax under section 42-5014, subsection D.  
32 2. Revenues collected pursuant to section 42-5070.  
33 3. Revenues collected under this article and article 5 of this chapter  
34 from and after June 30, 2000 from sources located on Indian reservations in  
35 this state.  
36 4. Revenues collected pursuant to section 42-5010, subsection G and  
37 section 42-5155, subsection D.  
38 B. The department shall credit payments of estimated tax to an  
39 estimated tax clearing account and each month shall transfer all monies in  
40 the estimated tax clearing account to a fund designated as the transaction  
41 privilege and severance tax clearing account. The department shall credit  
42 all other payments to the transaction privilege and severance tax clearing  
43 account, separately accounting for the monies designated as distribution base  
44 under sections 42-5010, 42-5164, 42-5205 and 42-5353. Each month the

1 department shall report to the state treasurer the amount of monies collected  
2 pursuant to this article and articles 4, 5 and 8 of this chapter.

3 C. On notification by the department, the state treasurer shall  
4 distribute the monies deposited in the transaction privilege and severance  
5 tax clearing account in the manner prescribed by this section and by sections  
6 42-5164, 42-5205 and 42-5353, after deducting warrants drawn against the  
7 account pursuant to sections 42-1118 and 42-1254.

8 D. Of the monies designated as distribution base, **AND SUBJECT TO THE**  
9 **REQUIREMENTS OF SECTION 42-5041**, the department shall:

10 1. Pay twenty-five ~~per-cent~~ **PERCENT** to the various incorporated  
11 municipalities in this state in proportion to their population to be used by  
12 the municipalities for any municipal purpose.

13 2. Pay 38.08 ~~per-cent~~ **PERCENT** to the counties in this state by  
14 averaging the following proportions:

15 (a) The proportion that the population of each county bears to the  
16 total state population.

17 (b) The proportion that the distribution base monies collected during  
18 the calendar month in each county under this article, section 42-5164,  
19 subsection B, section 42-5205, subsection B and section 42-5353 bear to the  
20 total distribution base monies collected under this article, section 42-5164,  
21 subsection B, section 42-5205, subsection B and section 42-5353 throughout  
22 the state for the calendar month.

23 3. Pay an additional 2.43 ~~per-cent~~ **PERCENT** to the counties in this  
24 state as follows:

25 (a) Average the following proportions:

26 (i) The proportion that the assessed valuation used to determine  
27 secondary property taxes of each county, after deducting that part of the  
28 assessed valuation that is exempt from taxation at the beginning of the month  
29 for which the amount is to be paid, bears to the total assessed valuations  
30 used to determine secondary property taxes of all the counties after  
31 deducting that portion of the assessed valuations that is exempt from  
32 taxation at the beginning of the month for which the amount is to be paid.  
33 Property of a city or town that is not within or contiguous to the municipal  
34 corporate boundaries and from which water is or may be withdrawn or diverted  
35 and transported for use on other property is considered to be taxable  
36 property in the county for purposes of determining assessed valuation in the  
37 county under this item.

38 (ii) The proportion that the distribution base monies collected during  
39 the calendar month in each county under this article, section 42-5164,  
40 subsection B, section 42-5205, subsection B and section 42-5353 bear to the  
41 total distribution base monies collected under this article, section 42-5164,  
42 subsection B, section 42-5205, subsection B and section 42-5353 throughout  
43 the state for the calendar month.

1 (b) If the proportion computed under subdivision (a) of this paragraph  
2 for any county is greater than the proportion computed under paragraph 2 of  
3 this subsection, the department shall compute the difference between the  
4 amount distributed to that county under paragraph 2 of this subsection and  
5 the amount that would have been distributed under paragraph 2 of this  
6 subsection using the proportion computed under subdivision (a) of this  
7 paragraph and shall pay that difference to the county from the amount  
8 available for distribution under this paragraph. Any monies remaining after  
9 all payments under this subdivision shall be distributed among the counties  
10 according to the proportions computed under paragraph 2 of this subsection.

11 4. After any distributions required by sections 42-5030, 42-5030.01,  
12 42-5031, 42-5032, 42-5032.01 and 42-5032.02, and after making any transfer to  
13 the water quality assurance revolving fund as required by section 49-282,  
14 subsection B, credit the remainder of the monies designated as distribution  
15 base to the state general fund. From this amount the legislature shall  
16 annually appropriate to:

17 (a) The department of revenue sufficient monies to administer and  
18 enforce this article and articles 5 and 8 of this chapter.

19 (b) The department of economic security monies to be used for the  
20 purposes stated in title 46, chapter 1.

21 (c) The firearms safety and ranges fund established by section 17-273,  
22 fifty thousand dollars derived from the taxes collected from the retail  
23 classification pursuant to section 42-5061 for the current fiscal year.

24 E. If approved by the qualified electors voting at a statewide general  
25 election, all monies collected pursuant to section 42-5010, subsection G and  
26 section 42-5155, subsection D shall be distributed each fiscal year pursuant  
27 to this subsection. The monies distributed pursuant to this subsection are  
28 in addition to any other appropriation, transfer or other allocation of  
29 public or private monies from any other source and shall not supplant,  
30 replace or cause a reduction in other school district, charter school,  
31 university or community college funding sources. The monies shall be  
32 distributed as follows:

33 1. If there are outstanding state school facilities revenue bonds  
34 pursuant to title 15, chapter 16, article 7, each month one-twelfth of the  
35 amount that is necessary to pay the fiscal year's debt service on outstanding  
36 state school improvement revenue bonds for the current fiscal year shall be  
37 transferred each month to the school improvement revenue bond debt service  
38 fund established by section 15-2084. The total amount of bonds for which  
39 these monies may be allocated for the payment of debt service shall not  
40 exceed a principal amount of eight hundred million dollars exclusive of  
41 refunding bonds and other refinancing obligations.

42 2. After any transfer of monies pursuant to paragraph 1 of this  
43 subsection, twelve per cent of the remaining monies collected during the  
44 preceding month shall be transferred to the technology and research  
45 initiative fund established by section 15-1648 to be distributed among the

1 universities for the purpose of investment in technology and research-based  
2 initiatives.

3 3. After the transfer of monies pursuant to paragraph 1 of this  
4 subsection, three per cent of the remaining monies collected during the  
5 preceding month shall be transferred to the workforce development account  
6 established in each community college district pursuant to section 15-1472  
7 for the purpose of investment in workforce development programs.

8 4. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
9 subsection, one-twelfth of the amount a community college that is owned,  
10 operated or chartered by a qualifying Indian tribe on its own Indian  
11 reservation would receive pursuant to section 15-1472, subsection D,  
12 paragraph 2 if it were a community college district shall be distributed each  
13 month to the treasurer or other designated depository of a qualifying Indian  
14 tribe. Monies distributed pursuant to this paragraph are for the exclusive  
15 purpose of providing support to one or more community colleges owned,  
16 operated or chartered by a qualifying Indian tribe and shall be used in a  
17 manner consistent with section 15-1472, subsection B. For the purposes of  
18 this paragraph, "qualifying Indian tribe" has the same meaning as defined in  
19 section 42-5031.01, subsection D.

20 5. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
21 subsection, one-twelfth of the following amounts shall be transferred each  
22 month to the department of education for the increased cost of basic state  
23 aid under section 15-971 due to added school days and associated teacher  
24 salary increases enacted in 2000:

- 25 (a) In fiscal year 2001-2002, \$15,305,900.
- 26 (b) In fiscal year 2002-2003, \$31,530,100.
- 27 (c) In fiscal year 2003-2004, \$48,727,700.
- 28 (d) In fiscal year 2004-2005, \$66,957,200.
- 29 (e) In fiscal year 2005-2006 and each fiscal year thereafter,  
30 \$86,280,500.

31 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
32 subsection, seven million eight hundred thousand dollars is appropriated each  
33 fiscal year, to be paid in monthly installments, to the department of  
34 education to be used for school safety as provided in section 15-154 and two  
35 hundred thousand dollars is appropriated each fiscal year, to be paid in  
36 monthly installments to the department of education to be used for the  
37 character education matching grant program as provided in section 15-154.01.

38 7. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
39 subsection, no more than seven million dollars may be appropriated by the  
40 legislature each fiscal year to the department of education to be used for  
41 accountability purposes as described in section 15-241 and title 15, chapter  
42 9, article 8.

1           8. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
2 subsection, one million five hundred thousand dollars is appropriated each  
3 fiscal year, to be paid in monthly installments, to the failing schools  
4 tutoring fund established by section 15-241.

5           9. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
6 subsection, twenty-five million dollars shall be transferred each fiscal year  
7 to the state general fund to reimburse the general fund for the cost of the  
8 income tax credit allowed by section 43-1072.01.

9           10. After the payment of monies pursuant to paragraphs 1 through 9 of  
10 this subsection, the remaining monies collected during the preceding month  
11 shall be transferred to the classroom site fund established by section  
12 15-977. The monies shall be allocated as follows in the manner prescribed by  
13 section 15-977:

14           (a) Forty per cent shall be allocated for teacher compensation based  
15 on performance.

16           (b) Twenty per cent shall be allocated for increases in teacher base  
17 compensation and employee related expenses.

18           (c) Forty per cent shall be allocated for maintenance and operation  
19 purposes.

20           F. The department shall credit the remainder of the monies in the  
21 transaction privilege and severance tax clearing account to the state general  
22 fund, subject to any distribution required by section 42-5030.01.

23           G. Notwithstanding subsection D of this section, if a court of  
24 competent jurisdiction finally determines that tax monies distributed under  
25 this section were illegally collected under this article or articles 5 and 8  
26 of this chapter and orders the monies to be refunded to the taxpayer, the  
27 department shall compute the amount of such monies that was distributed to  
28 each city, town and county under this section. Each city's, town's and  
29 county's proportionate share of the costs shall be based on the amount of the  
30 original tax payment each municipality and county received. Each month the  
31 state treasurer shall reduce the amount otherwise distributable to the city,  
32 town and county under this section by one thirty-sixth of the total amount to  
33 be recovered from the city, town or county until the total amount has been  
34 recovered, but the monthly reduction for any city, town or county shall not  
35 exceed ten per cent of the full monthly distribution to that entity. The  
36 reduction shall begin for the first calendar month after the final  
37 disposition of the case and shall continue until the total amount, including  
38 interest and costs, has been recovered.

39           H. On receiving a certificate of default from the greater Arizona  
40 development authority pursuant to section 41-2257 or 41-2258 and to the  
41 extent not otherwise expressly prohibited by law, the state treasurer shall  
42 withhold from the next succeeding distribution of monies pursuant to this  
43 section due to the defaulting political subdivision the amount specified in  
44 the certificate of default and immediately deposit the amount withheld in the  
45 greater Arizona development authority revolving fund. The state treasurer

1 shall continue to withhold and deposit the monies until the greater Arizona  
2 development authority certifies to the state treasurer that the default has  
3 been cured. In no event may the state treasurer withhold any amount that the  
4 defaulting political subdivision certifies to the state treasurer and the  
5 authority as being necessary to make any required deposits then due for the  
6 payment of principal and interest on bonds of the political subdivision that  
7 were issued before the date of the loan repayment agreement or bonds and that  
8 have been secured by a pledge of distributions made pursuant to this section.

9 I. Except as provided by sections 42-5033 and 42-5033.01, the  
10 population of a county, city or town as determined by the most recent United  
11 States decennial census plus any revisions to the decennial census certified  
12 by the United States bureau of the census shall be used as the basis for  
13 apportioning monies pursuant to subsection D of this section.

14 J. Except as otherwise provided by this subsection, on notice from the  
15 department of revenue pursuant to section 42-6010, subsection B, the state  
16 treasurer shall withhold from the distribution of monies pursuant to this  
17 section to the affected city or town the amount of the penalty for business  
18 location municipal tax incentives provided by the city or town to a business  
19 entity that locates a retail business facility in the city or town. The  
20 state treasurer shall continue to withhold monies pursuant to this subsection  
21 until the entire amount of the penalty has been withheld. The state  
22 treasurer shall credit any monies withheld pursuant to this subsection to the  
23 state general fund as provided by subsection D, paragraph 4 of this section.  
24 The state treasurer shall not withhold any amount that the city or town  
25 certifies to the department of revenue and the state treasurer as being  
26 necessary to make any required deposits or payments for debt service on bonds  
27 or other long-term obligations of the city or town that were issued or  
28 incurred before the location incentives provided by the city or town.

29 K. On notice from the auditor general pursuant to section 9-626,  
30 subsection D, the state treasurer shall withhold from the distribution of  
31 monies pursuant to this section to the affected city the amount computed  
32 pursuant to section 9-626, subsection D. The state treasurer shall continue  
33 to withhold monies pursuant to this subsection until the entire amount  
34 specified in the notice has been withheld. The state treasurer shall credit  
35 any monies withheld pursuant to this subsection to the state general fund as  
36 provided by subsection D, paragraph 4 of this section.

37 L. For the purposes of this section, "community college district"  
38 means a community college district that is established pursuant to sections  
39 15-1402 and 15-1403 and that is a political subdivision of this state and,  
40 unless otherwise specified, includes a community college district established  
41 pursuant to section 15-1402.01 and a provisional community college district  
42 established pursuant to section 15-1409.



1 ALL JURISDICTIONS IN THE PRECEDING FISCAL YEAR PURSUANT TO THOSE SECTIONS,  
2 BUT NOT TO EXCEED A TOTAL AMOUNT FROM ALL JURISDICTIONS OF \$20,755,835 IN ANY  
3 FISCAL YEAR.

4 C. FROM AND AFTER JUNE 30, 2015, A FEE IS ASSESSED TO EACH CITY AND  
5 TOWN FOR WHICH THE DEPARTMENT DOES NOT ADMINISTER AND COLLECT TRANSACTION  
6 PRIVILEGE TAXES PURSUANT TO CHAPTER 6, ARTICLE 1 OF THIS TITLE. THE AMOUNT  
7 OF THE FEE IS SEVENTY-SIX CENTS MULTIPLIED BY THE POPULATION OF THE CITY OR  
8 TOWN USED FOR THE PURPOSES OF COMPUTING STATE SHARED REVENUES PURSUANT TO  
9 SECTIONS 42-5029 AND 43-206, PAYABLE EACH FISCAL YEAR.

10 D. THE DEPARTMENT SHALL ASSESS THE FEES UNDER THIS SECTION NOT LATER  
11 THAN JULY 31 EACH YEAR, AND THE FEES ARE PAYABLE IMMEDIATELY ON  
12 ASSESSMENT. IF A COUNTY, CITY OR TOWN FAILS TO PAY THE ASSESSMENT IN FULL ON  
13 OR BEFORE SEPTEMBER 30, THE DEPARTMENT SHALL NOTIFY THE STATE TREASURER WHO  
14 SHALL WITHHOLD THE DELINQUENT AMOUNT FROM THE DISTRIBUTION OF MONIES TO THE  
15 AFFECTED COUNTY, CITY OR TOWN PURSUANT TO SECTION 42-5029 AND CONTINUE TO  
16 WITHHOLD MONIES UNTIL THE ENTIRE AMOUNT OF THE ASSESSMENT HAS BEEN SATISFIED.

17 E. ALL MONIES PAID TO THE DEPARTMENT OR WITHHELD BY THE STATE  
18 TREASURER FOR THE PURPOSES PRESCRIBED IN SUBSECTIONS A AND B OF THIS SECTION  
19 SHALL BE CREDITED TO THE DEPARTMENT OF REVENUE ADMINISTRATIVE FUND  
20 ESTABLISHED BY SECTION 42-1116.01.

21 F. ALL MONIES PAID TO THE DEPARTMENT OR WITHHELD BY THE STATE  
22 TREASURER FOR THE PURPOSES PRESCRIBED IN SUBSECTION C OF THIS SECTION SHALL  
23 BE CREDITED TO THE DEPARTMENT OF REVENUE IGA AND ISA FUND ESTABLISHED  
24 PURSUANT TO SECTION 35-142.

25 Sec. 8. Section 42-6204, Arizona Revised Statutes, is amended to read:  
26 42-6204. Payment; return; interest; penalty; reports

27 A. The taxes that are levied pursuant to this article are:

28 1. Due and payable to the county treasurer annually on or before  
29 December 1.

30 2. Delinquent if not paid on or before that date.

31 B. The prime lessee, if subject to the tax or qualified for an  
32 abatement under this article, shall submit a return to the county treasurer  
33 on a return form prescribed by the department of revenue and submit a copy of  
34 the return to the government lessor. If the prime lessee is exempt from the  
35 tax pursuant to section 42-6208, the prime lessee shall keep and maintain the  
36 information required in this subsection. The return form shall be made  
37 available by the county treasurer at least sixty days before the taxes are  
38 due and payable and shall include:

39 1. The name and address of the prime lessee.

40 2. The location of the government property improvement.

41 3. The amount of gross building space or number of parking garage or  
42 deck spaces. The prime lessee may submit an initial statement of gross  
43 building space that is certified by a person who is professionally  
44 credentialed in this state as an architect, general contractor, surveyor or  
45 appraiser and thereafter shall file an annual statement with the return,

1 under penalty of perjury, that the gross building space is unchanged from the  
2 amount previously certified.

3 4. The date of the original certificate of occupancy.

4 5. The use or uses of the property.

5 6. If an abatement under section 42-6209 applies, a certification  
6 under penalty of perjury that all elements necessary to qualify for the  
7 abatement are satisfied for the year covered by the return.

8 7. Any other pertinent information that is required by the return  
9 form.

10 C. If any part of the tax is not paid before it becomes delinquent,  
11 interest accrues on the unpaid amount at the rate and in the manner  
12 prescribed by section 42-1123 until it is paid. Interest on overpayments  
13 accrues at the rate and in the manner prescribed by section 42-1123 until the  
14 refund is paid by the county treasurer.

15 D. The county treasurer shall assess and collect a penalty of five ~~per~~  
16 ~~cent~~ PERCENT of any part of the tax that is not paid before it becomes  
17 delinquent.

18 E. The county treasurer shall issue a receipt to the prime lessee for  
19 payments under this article.

20 F. On or before February 15 of each year, the county treasurer shall  
21 submit a report to:

22 1. The department of revenue of all returns and payments received for  
23 the preceding calendar year under this section. The report shall be in a  
24 form and contain data prescribed by the department of revenue.

25 2. Each government lessor of all returns and payments received for the  
26 preceding calendar year with respect to leases of government property  
27 improvements owned by the government lessor. These reports shall contain the  
28 same data prescribed pursuant to paragraph 1 of this subsection.

29 3. THE JOINT LEGISLATIVE BUDGET COMMITTEE OF ALL RETURNS AND PAYMENTS  
30 RECEIVED FOR THE PRECEDING CALENDAR YEAR WITH RESPECT TO LEASES OF GOVERNMENT  
31 PROPERTY IMPROVEMENTS OWNED BY THE GOVERNMENT LESSOR. THESE REPORTS SHALL  
32 CONTAIN THE SAME DATA PRESCRIBED IN PARAGRAPH 1 OF THIS SUBSECTION.

33 G. The county treasurer is entitled to rely ~~upon~~ ON any information  
34 contained in any abatement certification described in subsection B, paragraph  
35 6 of this section unless the county treasurer has actual knowledge that the  
36 certification is inaccurate.

37 Sec. 9. Laws 2010, chapter 321, section 11 is amended to read:

38 Sec. 11. Review of government property lease excise tax rates

39 A. ~~By~~ ON OR BEFORE December 15, 2016, the joint legislative budget  
40 committee shall conduct an analysis to determine the effectiveness of the  
41 government property lease excise tax rates prescribed by section 42-6203,  
42 Arizona Revised Statutes, ~~as amended by this act~~. The analysis shall include  
43 consideration of:

1           1. The total ad valorem property tax revenues that would be produced  
2 by the properties to counties, cities and towns, community college districts  
3 and school districts if the properties were taxable.

4           2. The actual total annual amount of government property lease excise  
5 taxes collected and the amounts distributed to counties, cities and towns,  
6 community college districts and school districts.

7           3. The tax revenue previously being received from the vacant or  
8 underutilized property being redeveloped.

9           ~~4. Determine the average aggregate ad valorem property tax levy per  
10 square foot for the various property types listed in section 42-6203, Arizona  
11 Revised Statutes, as amended by this act, and compare that levy with the levy  
12 rates prescribed by section 42-6203, subsection B, Arizona Revised Statutes,  
13 as amended by this act.~~

14           B. THE JOINT LEGISLATIVE BUDGET COMMITTEE MAY USE A REPRESENTATIVE  
15 SAMPLE OF PROPERTIES TO CONDUCT THE ANALYSIS REQUIRED BY SUBSECTION A OF THIS  
16 SECTION.

17           ~~B.~~ C. The department of revenue AND EACH COUNTY shall cooperate with  
18 the joint legislative budget committee for the purposes of this section, and,  
19 by ON OR BEFORE October 1, 2015, THE DEPARTMENT OF REVENUE SHALL provide the  
20 joint legislative budget committee with the public database of all government  
21 property leases maintained pursuant to section 42-6202, Arizona Revised  
22 Statutes, ~~as amended by this act.~~

23           ~~C.~~ D. The joint legislative budget committee shall submit copies of  
24 its analysis pursuant to this section to:

25           1. The governor, the president of the senate and the speaker of the  
26 house of representatives.

27           2. The chairpersons of the house of representatives ways and means  
28 committee and the senate finance committee.

29           3. The secretary of state.

30           4. Any other person who requests a copy of the analysis.

31           Sec. 10. Laws 2000, chapter 383, section 10, as amended by Laws 2002,  
32 chapter 264, section 4, Laws 2007, chapter 293, section 3 and Laws 2011,  
33 second special session, chapter 1, section 126, is amended to read:

34           Sec. 10. Delayed repeal

35           A. Section 23-730.02, Arizona Revised Statutes, ~~and title 23, chapter  
36 4, article 5.2, Arizona Revised Statutes, are IS~~ repealed from and after  
37 December 31, 2016.

38           B. Title 41, chapter 10, article 4, Arizona Revised Statutes, is  
39 repealed from and after December 31, 2016, at which time any unexpended or  
40 unencumbered monies in the Arizona job training fund attributable to the job  
41 training employer tax imposed pursuant to section 23-769, Arizona Revised  
42 Statutes, revert to the unemployment compensation fund established by section  
43 23-701, Arizona Revised Statutes, and any unexpended or unencumbered monies  
44 in the Arizona job training fund not attributable to the job training

1 employer tax imposed pursuant to section 23-769, Arizona Revised Statutes,  
2 revert to the state general fund.

3 Sec. 11. Laws 2013, first special session, chapter 9, section 16, as  
4 amended by Laws 2014, chapter 9, section 2, is amended to read:

5 Sec. 16. Department receivership revolving fund; use; intent

6 A. Notwithstanding section 6-135.01, Arizona Revised Statutes, in  
7 fiscal years 2013-2014, ~~and~~ 2014-2015 **AND 2015-2016**, the superintendent of  
8 the department of financial institutions may use monies in the department  
9 receivership revolving fund established by section 6-135.01, Arizona Revised  
10 Statutes, for expenditures on an electronic licensing system.

11 B. It is the intent of the legislature that expenditures in fiscal  
12 years 2013-2014, ~~and~~ 2014-2015 **AND 2015-2016** on an electronic licensing  
13 system as prescribed in subsection A of this section not exceed a total of  
14 \$850,000.

15 Sec. 12. Laws 2014, chapter 9, section 11 is amended to read:

16 Sec. 11. Arizona highway user revenue fund; distribution;  
17 fiscal years 2014-2015, 2015-2016 and 2016-2017

18 A. Notwithstanding any other law, before the distribution of revenues  
19 of the Arizona highway user revenue fund pursuant to section 28-6538, Arizona  
20 Revised Statutes, the department of transportation shall allocate and the  
21 state treasurer shall distribute \$30,000,000 in fiscal year 2014-2015,  
22 \$30,000,000 in fiscal year 2015-2016 and ~~\$60,000,000~~ **\$30,000,000** in fiscal  
23 year 2016-2017 as follows:

24 1. To the counties, 33.231 ~~per-cent~~ **PERCENT**.

25 2. To the incorporated cities and towns, 48.097 ~~per-cent~~ **PERCENT**.

26 3. To incorporated cities with a population of three hundred thousand  
27 or more persons, 5.247 ~~per-cent~~ **PERCENT**.

28 4. To counties with a population of more than eight hundred thousand  
29 persons, 13.425 ~~per-cent~~ **PERCENT**.

30 B. The allocation and distribution made pursuant to subsection A,  
31 paragraphs 1, 2 and 3 of this section shall be made as prescribed in section  
32 28-6540, Arizona Revised Statutes. The allocation and distribution made  
33 pursuant to subsection A, paragraph 4 of this section shall be made as  
34 prescribed in section 28-6538, subsection B, Arizona Revised Statutes.

35 C. The amounts appropriated in this section may be used only for the  
36 direct costs of constructing, reconstructing, maintaining or repair of public  
37 highways, streets or bridges and direct costs of rights-of-way acquisitions  
38 and expenses related thereto.

39 Sec. 13. Radiation regulatory agency; fees; increases; intent;  
40 rulemaking exemption

41 A. Notwithstanding any other law, the director of the radiation  
42 regulatory agency may increase fees in fiscal year 2015-2016 for services  
43 provided in fiscal year 2015-2016.

1 B. It is the intent of the legislature that the revenue generated by  
2 the fees collected pursuant to subsection A of this section not exceed  
3 \$561,000.

4 C. The radiation regulatory agency shall deposit monies received from  
5 any fees increased pursuant to subsection A of this section in the radiation  
6 regulatory fee fund established by section 30-658, Arizona Revised Statutes.

7 D. The radiation regulatory agency is exempt from the rulemaking  
8 requirements of title 41, chapter 6, Arizona Revised Statutes, for the  
9 purpose of increasing fees pursuant to this section until July 1, 2016.

10 Sec. 14. Agricultural fees; intent; rulemaking exemption

11 A. Notwithstanding any other law, the director of the Arizona  
12 department of agriculture, with the assistance of the department of  
13 agriculture advisory council, may continue existing fees from fiscal year  
14 2014-2015 in fiscal year 2015-2016 for services provided in fiscal year  
15 2015-2016.

16 B. It is the intent of the legislature that the additional revenue  
17 generated by the fees prescribed in subsection A of this section not exceed  
18 \$218,000 to the state general fund, \$113,000 to the pesticide trust fund  
19 established by section 3-350, Arizona Revised Statutes, and \$26,000 to the  
20 dangerous plants, pests and diseases trust fund established by section  
21 3-214.01, Arizona Revised Statutes, in fiscal year 2015-2016.

22 C. The Arizona department of agriculture is exempt from the rulemaking  
23 requirements of title 41, chapter 6, Arizona Revised Statutes, for the  
24 purpose of establishing fees pursuant to this section until July 1, 2016.

25 Sec. 15. Department of insurance; fee and assessment adjustment  
26 suspension

27 Notwithstanding section 20-167, subsection F, Arizona Revised Statutes,  
28 and section 20-466, subsection J, Arizona Revised Statutes, the director of  
29 insurance may not revise fees or assessments in fiscal year 2015-2016 for the  
30 purpose of meeting the requirement to recover at least ninety-five percent  
31 but not more than one hundred ten percent of the department of insurance's  
32 appropriated budget.

33 Sec. 16. Department of liquor licenses and control; fiscal year  
34 2014-2015; exemption

35 The appropriation of \$626,700 from the liquor licenses fund established  
36 by section 4-120, Arizona Revised Statutes, in fiscal year 2014-2015 to the  
37 department of liquor licenses and control for a licensing replacement system  
38 pursuant to Laws 2014, chapter 18, section 55 is exempt from the provisions  
39 of section 35-190, Arizona Revised Statutes, relating to lapsing of  
40 appropriations until June 30, 2016.

41 Sec. 17. Department of financial institutions; financial  
42 services fund

43 Notwithstanding any other law, the department of financial institutions  
44 may use the financial services fund established by section 6-991.21, Arizona  
45 Revised Statutes, for general operating expenditures of the department.

1           Sec. 18. County fiscal obligations: report

2           A. Notwithstanding any other law, for fiscal year 2015-2016, a county  
3 with a population of less than two hundred thousand persons according to the  
4 2010 United States decennial census may meet any county fiscal obligation  
5 from any source of county revenue designated by the county, including monies  
6 of any countywide special taxing jurisdiction in which the board of  
7 supervisors serves as the board of directors.

8           B. On or before October 1, 2015, all counties with a population of  
9 less than two hundred thousand persons according to the 2010 United States  
10 decennial census shall report to the director of the joint legislative budget  
11 committee whether the county used a revenue source to meet a county fiscal  
12 obligation pursuant to subsection A of this section and, if so, the specific  
13 source and amount of revenues that the county intends to use in fiscal year  
14 2015-2016.

15           Sec. 19. Individual and business tax amnesty

16           A. If a taxpayer has an established and unpaid tax liability under  
17 title 42, chapter 5, title 43, chapter 10 or title 43, chapter 11, Arizona  
18 Revised Statutes, as of August 1, 2015 with respect to any taxable year  
19 ending before July 1, 2015, the taxpayer may apply to the department of  
20 revenue for amnesty beginning September 1, 2015 through October 31, 2015.  
21 The application shall be in a form and manner prescribed by the department.  
22 The taxpayer shall also remit with the application full payment of all  
23 established and unpaid tax liability for each taxable year covered by the  
24 application.

25           B. After reviewing the application, if the department is satisfied  
26 that the conditions of this section are met, the department shall notify the  
27 taxpayer granting amnesty for the applicable taxable year or years. If the  
28 taxpayer provides an e-mail address and indicates on the application that the  
29 taxpayer wishes to receive notification by e-mail, the department may notify  
30 the applicant by e-mail.

31           C. For each taxable year that the department grants amnesty under this  
32 section, the department shall abate any unpaid tax liability as of August 1,  
33 2015 that has been established as of August 1, 2015 and that is remaining  
34 unpaid as of the date of the amnesty application.

35           D. A taxpayer who applies for and is approved for tax amnesty under  
36 this section waives any right to refund or credit for the total amount of the  
37 tax liability for each taxable year included in the application. Granting  
38 amnesty under this section terminates any appeal by the taxpayer of an audit  
39 determination or refund denial. The state board of tax appeals and any court  
40 shall dismiss each such action or proceeding before that body on receiving a  
41 certification from the department that amnesty has been granted for the  
42 taxable year. If the department is the complainant or appellant, on  
43 receiving a certification from the department, the court shall enter judgment  
44 in favor of the department. The department shall attach to each  
45 certification a copy of the taxpayer's application for amnesty.

1 E. The department may audit taxpayers for amnesty periods, subject to  
2 the limitations of sections 42-1104 and 42-2059, Arizona Revised Statutes.  
3 Taxpayers may contest any deficiency that is determined by audit, but the  
4 taxpayer may not receive a credit or refund for an amount that would reduce  
5 the tax liability for any period below the amount covered by the amnesty.

6 F. Notwithstanding section 42-1116, Arizona Revised Statutes, all  
7 monies collected pursuant to this section shall be deposited, pursuant to  
8 sections 35-146 and 35-147, Arizona Revised Statutes, in the state general  
9 fund.

10 G. Beginning November 15, 2015 through February 15, 2016, the  
11 department shall submit a cumulative monthly report to the governor, speaker  
12 of the house of representatives and president of the senate of:

13 1. The number of taxpayers that have applied for amnesty under this  
14 section.

15 2. The number of taxpayers that have been granted amnesty.

16 3. The amount of revenue received from taxpayers for amnesty periods.

17 Sec. 20. Department of revenue; payment of contracted  
18 collectors; rate; limit

19 Notwithstanding any other law, the department of revenue may authorize  
20 contracted collectors to collect transaction privilege tax accounts  
21 receivable in fiscal years 2015-2016 and 2016-2017. The department may use  
22 transaction privilege tax revenue collected by the contracted collectors to  
23 pay for services of the contracted collectors. The department may not use  
24 more than \$2,000,000 pursuant to this section.

25 Sec. 21. Effective date

26 Sections 41-1541 and 41-1544, Arizona Revised Statutes, as amended by  
27 this act, are effective from and after December 31, 2015.