# *ARIZONA STATE SENATE*

***Fifty-Second Legislature, First Regular Session***

## FINAL AMENDED

FACT SHEET FOR S.B. 1471/H.B. 2673

revenue; budget reconciliation; 2015-2016.

Purpose

Makes appropriations and session law changes related to general revenues necessary to implement the Fiscal Year (FY) 2016 state budget.

Background

The Arizona Constitution prohibits substantive law from being included in the general appropriations, capital outlay appropriations and supplemental appropriations bills. However, it is often necessary to make statutory and session law changes to effectuate the budget. Thus, separate bills called budget reconciliation bills (BRBs) are introduced to enact these provisions. Because BRBs contain substantive law changes, the Arizona Constitution provides that they become effective on the general effective date, unless an emergency clause is enacted.

Provisions

***Department of Insurance***

1. Requires DOI to report insurance premium tax credit information for a given fiscal year to JLBC and OSPB on or before September 30 of each year.

2. Continues to suspend the requirement that fees collected by DOI be between 95% and 110% of DOI's appropriation.

***Arizona Commerce Authority***

3. Effective January 1, 2016, repeals the Job Training tax.

***Cities and Towns***

4. Changes the state's payment of debt service on the Phoenix Convention Center to match the actual debt service schedule.

5. Adds JLBC to the list of recipients of government property lease excise tax (GPLET) information produced by counties.

6. Requires counties to work with JLBC for the purpose of conducting a statutorily required analysis of the fiscal impact of GPLET rates and permits JLBC to sample leases for the purposes of conducting the analysis.

7. Allows counties with a population of less than 200,000 persons to use any source of county revenue to meet a county fiscal obligation for FY 2016. Requires counties using this authority to report to the Director of JLBC on the intended amount and source of funds by October 1, 2015.

***Department of Financial Institutions***

8. Permits the Department of Financial Institutions (DFI) to spend up to $850,000 from the Receivership Revolving Fund in FY 2015 for information technology upgrades into FY 2016.

9. Continues to allow DFI to use the Financial Services Fund for general operating expenditures.

***Department of Public Safety***

10. Reduces the FY 2017 transfer of Highway Patrol costs from the Highway User Revenue Fund to the state General Fund from $60 million to $30 million.

***Radiation Regulatory Agency***

11. Continues the fee raising authority and rulemaking exemption relating to establishing fees for the Radiation Regulatory Agency in FY 2016 and limits additional revenues to $561,000.

***Department of Revenue***

12. Requires the Department of Revenue (DOR), effective July 1, 2015, to assess and collect fees from local governments for costs incurred in providing administrative services.

13. Requires a fee to be assessed to each non-program city in FY 2016.

14. Allows local governments to meet their cost sharing obligation from any source of revenue designated by the appropriate county, city or town.

16. Excludes local government contributions from applicable expenditure limitations.

17. Requires DOR to establish a tax recovery program from September 1, 2015, through October 31, 2015, for the purposes of reducing or waiving civil penalties and interest for unpaid tax liabilities for any period before January 1, 2014, for annual filers, and February 1, 2015, for all other filers.

18. Outlines qualifications for acceptance into the recovery program, however, acceptance does not entitle a taxpayer to any refunds or credits.

19. Outlines information that must be contained in the application for the recovery program and specifies that an application constitutes a waiver of all administrative and judicial rights of appeal.

20. Outlines the Director of DOR's (Director) responsibilities in regards to the recovery program.

21. Requires DOR to submit a report to the Governor, Speaker of the House of Representatives and President of the Senate on or before January 1, 2016, in regards to the recovery program and outlines the information required to be included in the report.

22. Allows DOR to authorize contracted collectors to collect TPT accounts receivable for FY 2016 and 2017. Permits DOR to use TPT revenue collected to pay for services of the contracted collectors up to $2 million.

***Department of Agriculture***

23. Continues the fee raising authority and exemption relating to establishing fees for the Department of Agriculture in FY 2016 and limits additional revenues to $357,000.

***Department of Liquor Licenses and Control***

24. Extends the permission for the Department of Liquor Licenses and Control to use the FY 2015 appropriation of $626,700 for licensing and imaging system upgrades.

***Miscellaneous***

25. Contains a legislative intent clause.

26. Makes technical and conforming changes.

27. Becomes effective on the general effective date, except as otherwise noted.

<u>Amendments Adopted by Committee of the Whole</u>

1. Requires DOR, effective July 1, 2015, to assess and collect fees from local governments for costs incurred in providing administrative services.

2. Requires a fee to be assessed to each non-program city in FY 2016.

3. Allows local governments to meet their cost sharing obligation from any source of revenue designated by the appropriate county, city or town.

4. Excludes local government contributions from applicable expenditure limitations.

5. Requires DOR to establish a tax recovery program from September 1, 2015, through October 31, 2015, for the purposes of reducing or waiving civil penalties and interest for unpaid tax

liabilities for any period before January 1, 2014, for annual filers, and February 1, 2015, for all other filers.

6. Outlines qualifications for acceptance into the recovery program, however, acceptance does not entitle a taxpayer to any refunds or credits.

7. Outlines information that must be contained in the application for the recovery program and specifies that an application constitutes a waiver of all administrative and judicial rights of appeal.

8. Outlines the Director's responsibilities in regards to the recovery program.

9. Requires DOR to submit a report to the Governor, Speaker of the House of Representatives and President of the Senate on or before January 1, 2016, in regards to the recovery program and outlines the information required to be included in the report.

10. Removes the requirement for DOI to submit quarterly reports regarding the insurance premium tax to JLBC and OSPB.

11. Contains a legislative intent clause.

<u>Senate Action</u>

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| APPROP | 3/5/15 | DP | 5-3-0 |
| 3rd Read | 3/7/15 | | 17-12-1 |

<u>House Action</u>

3rd Read 3/7/15 34-25-1
(S.B. 1471 was substituted for H.B. 2673 on 3rd Read.)

Signed by the Governor 3/12/15
Chapter 10

Prepared by Senate Research
April 14, 2015
BR/jo