

State of Arizona
Senate
Forty-fourth Legislature
Second Regular Session
2000

CHAPTER 372

SENATE BILL 1220

AN ACT

AMENDING TITLE 5, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 8; AMENDING SECTION 41-2306, ARIZONA REVISED STATUTES; AMENDING SECTION 41-2306, ARIZONA REVISED STATUTES, AS AMENDED BY THIS ACT; AMENDING SECTIONS 42-1116 AND 42-5029, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-5032.01; AMENDING SECTIONS 42-5061, 42-5070, 42-5073, 42-5074 AND 42-5075, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-209; AMENDING SECTION 48-4234, ARIZONA REVISED STATUTES; PROVIDING FOR CONDITIONAL REPEAL; RELATING TO THE TOURISM AND SPORTS AUTHORITY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 5, Arizona Revised Statutes, is amended by adding
3 chapter 8, to read:

4 CHAPTER 8

5 TOURISM AND SPORTS AUTHORITY

6 ARTICLE 1. GENERAL PROVISIONS

7 5-801. Definitions

8 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

9 1. "AUTHORITY" MEANS THE TOURISM AND SPORTS AUTHORITY.

10 2. "BOARD" MEANS THE BOARD OF DIRECTORS OF THE AUTHORITY.

11 3. "MULTIPURPOSE FACILITY" MEANS ANY FACILITY THAT IS SUITABLE TO BE
12 USED TO ACCOMMODATE SPORTING EVENTS AND ENTERTAINMENT, CULTURAL, CIVIC,
13 MEETING, TRADE SHOW OR CONVENTION EVENTS OR ACTIVITIES AND MAY INCLUDE A
14 STADIUM, ON-SITE INFRASTRUCTURE, PARKING GARAGES AND LOTS AND RELATED
15 COMMERCIAL USES WITHIN THE FACILITY.

16 5-802. Formation of authority

17 A. THE TOURISM AND SPORTS AUTHORITY IS ESTABLISHED. THE BOUNDARIES OF
18 THE AUTHORITY ARE THE BOUNDARIES OF ANY COUNTY THAT HAS A POPULATION OF MORE
19 THAN TWO MILLION PERSONS.

20 B. THE AUTHORITY IS A CORPORATE AND POLITICAL BODY AND, EXCEPT AS
21 OTHERWISE LIMITED, MODIFIED OR PROVIDED BY THIS CHAPTER, HAS ALL OF THE
22 RIGHTS, POWERS AND IMMUNITIES OF MUNICIPAL CORPORATIONS, INCLUDING THE POWER
23 OF EMINENT DOMAIN.

24 C. THE BOARD OF DIRECTORS AND THE AUTHORITY DO NOT HAVE THE POWER TO
25 LEVY OR OTHERWISE IMPOSE ANY TAX OR ASSESSMENT, OTHER THAN CHARGES FOR THE
26 USE OF FACILITIES OWNED BY THE AUTHORITY. THE QUALIFIED ELECTORS RESIDING IN
27 THE AUTHORITY MAY LEVY A TAX OR SURCHARGE FOR THE FISCAL NEEDS OF THE
28 AUTHORITY AS PROVIDED BY THIS CHAPTER, BUT THE BOARD OF DIRECTORS HAS NO
29 INDEPENDENT AUTHORITY TO IMPOSE OR COLLECT A TAX OR ASSESSMENT. SUBJECT TO
30 THAT LIMITATION, THE AUTHORITY IS CONSIDERED TO BE A TAX LEVYING PUBLIC
31 IMPROVEMENT DISTRICT FOR THE PURPOSES OF ARTICLE XIII, SECTION 7,
32 CONSTITUTION OF ARIZONA.

33 D. THE AUTHORITY IS REGARDED AS PERFORMING A GOVERNMENTAL FUNCTION IN
34 CARRYING OUT THE PURPOSES OF THIS CHAPTER. THE PROPERTY ACQUIRED OR
35 CONSTRUCTED BY THE AUTHORITY, THE ACTIVITIES OF THE AUTHORITY IN MAINTAINING
36 AND CARING FOR THE PROPERTY AND THE MONIES DERIVED BY THE AUTHORITY FROM
37 OPERATING THE PROPERTY ARE EXEMPT FROM STATE AND LOCAL INCOME AND PROPERTY
38 TAXATION.

39 5-803. Board of directors

40 A. THE AUTHORITY IS GOVERNED BY A BOARD OF DIRECTORS CONSISTING OF THE
41 FOLLOWING MEMBERS WHO MUST RESIDE IN THE COUNTY IN WHICH THE AUTHORITY IS
42 ESTABLISHED:

43 1. FIVE MEMBERS APPOINTED BY THE GOVERNOR PURSUANT TO SECTION 38-211.
44 ONE OF THESE MEMBERS SHALL BE FROM THE TOURISM INDUSTRY AND ONE SHALL BE FROM

1 THE HOTEL AND MOTEL INDUSTRY LOCATED IN THE AUTHORITY. NO MORE THAN THREE OF
2 THESE MEMBERS MAY BE FROM THE SAME POLITICAL PARTY.

3 2. TWO MEMBERS APPOINTED BY THE PRESIDENT OF THE SENATE WHO ARE NOT OF
4 THE SAME POLITICAL PARTY.

5 3. TWO MEMBERS APPOINTED BY THE SPEAKER OF THE HOUSE OF
6 REPRESENTATIVES WHO ARE NOT OF THE SAME POLITICAL PARTY.

7 B. NO MEMBER OF THE BOARD MAY SIMULTANEOUSLY HOLD ANY STATE OR LOCAL
8 ELECTIVE PUBLIC OFFICE. THE GOVERNOR, PRESIDENT OF THE SENATE AND SPEAKER OF
9 THE HOUSE OF REPRESENTATIVES SHALL MAKE APPOINTMENTS TO PRODUCE A GENERAL
10 GEOGRAPHICALLY DIVERSE REPRESENTATION OF AREAS IN THE AUTHORITY. MEMBERS OF
11 THE BOARD SHALL BE APPOINTED FOR TERMS OF FIVE YEARS. A MEMBER MAY BE
12 REAPPOINTED FOR ONE FULL SUBSEQUENT TERM.

13 C. MEMBERS OF THE BOARD ARE ELIGIBLE FOR COMPENSATION AS PROVIDED BY
14 SECTION 38-611.

15 5-804. Administrative powers and duties

16 A. THE BOARD OF DIRECTORS, ON BEHALF OF THE AUTHORITY, MAY:

17 1. ADOPT AND USE A CORPORATE SEAL.

18 2. SUE AND BE SUED.

19 3. ENTER INTO CONTRACTS, INCLUDING INTERGOVERNMENTAL AGREEMENTS UNDER
20 TITLE 11, CHAPTER 7, ARTICLE 3, AS NECESSARY TO CARRY OUT THE PURPOSES AND
21 REQUIREMENTS OF THIS CHAPTER.

22 4. ENTER INTO AN INTERGOVERNMENTAL AGREEMENT UNDER TITLE 11, CHAPTER
23 7, ARTICLE 3 WITH THE ARIZONA EXPOSITION AND STATE FAIR BOARD FOR THE JOINT
24 USE OF PROPERTIES AND FACILITIES, SHARING ADMINISTRATION, PERSONNEL AND
25 RESOURCES AND OTHER MATTERS THAT ARE BENEFICIAL TO THE PURPOSES OF THE
26 MULTIPURPOSE FACILITY AND THE STATE FAIR.

27 5. ADOPT ADMINISTRATIVE RULES AS NECESSARY TO ADMINISTER AND OPERATE
28 THE AUTHORITY AND ANY PROPERTY UNDER ITS JURISDICTION.

29 6. ACQUIRE BY ANY LAWFUL MEANS AND OPERATE, MAINTAIN, ENCUMBER AND
30 DISPOSE OF REAL AND PERSONAL PROPERTY AND INTERESTS IN PROPERTY.

31 7. RETAIN LEGAL COUNSEL AND OTHER CONSULTANTS AS NECESSARY TO CARRY
32 OUT THE PURPOSES OF THE AUTHORITY.

33 B. THE BOARD OF DIRECTORS SHALL:

34 1. APPOINT FROM AMONG ITS MEMBERS A CHAIRMAN, A SECRETARY AND SUCH
35 OTHER OFFICERS AS MAY BE NECESSARY TO CONDUCT ITS BUSINESS.

36 2. EMPLOY AN EXECUTIVE DIRECTOR AND PRESCRIBE THE TERMS AND CONDITIONS
37 OF EMPLOYMENT.

38 3. KEEP AND MAINTAIN A COMPLETE AND ACCURATE RECORD OF ALL OF ITS
39 PROCEEDINGS. THE BOARD IS A PUBLIC BODY FOR PURPOSES OF TITLE 38, CHAPTER 3,
40 ARTICLE 3.1 AND TITLE 39, CHAPTER 1.

41 4. PROVIDE FOR THE USE, MAINTENANCE AND OPERATION OF THE PROPERTIES
42 AND INTERESTS OWNED OR CONTROLLED BY THE AUTHORITY.

1 5-805. Executive director powers and duties

2 A. THE EXECUTIVE DIRECTOR IS RESPONSIBLE FOR MANAGING, ADMINISTERING
3 AND SUPERVISING THE ACTIVITIES OF THE AUTHORITY.

4 B. THE EXECUTIVE DIRECTOR SHALL NEGOTIATE, MAKE, EXECUTE, ACKNOWLEDGE
5 AND PERFORM CONTRACTS AND OTHER AGREEMENTS IN THE INTEREST OF THE AUTHORITY
6 OR TO CARRY OUT OR ACCOMPLISH THE PURPOSES OF THIS CHAPTER, INCLUDING
7 CONSTRUCTION CONTRACTS AND AGREEMENTS WITH USERS OF THE MULTIPURPOSE
8 FACILITY, ALL OF WHICH ARE SUBJECT TO APPROVAL BY THE BOARD.

9 C. THE EXECUTIVE DIRECTOR SHALL:

10 1. EMPLOY A TREASURER TO SERVE AS FISCAL AGENT TO DEPOSIT, HOLD,
11 INVEST AND DISBURSE THE AUTHORITY'S MONIES.

12 2. EMPLOY ADMINISTRATIVE AND CLERICAL EMPLOYEES AND PRESCRIBE THE
13 TERMS AND CONDITIONS OF THEIR EMPLOYMENT AS NECESSARY TO CARRY OUT THE
14 PURPOSES OF THE AUTHORITY. EMPLOYEES OF THE AUTHORITY ARE CONSIDERED TO BE
15 PUBLIC EMPLOYEES FOR PURPOSES OF TITLE 38.

16 3. RECOMMEND THE EMPLOYMENT OF CONSULTANTS BY THE BOARD, INCLUDING
17 OUTSIDE COUNSEL AND A PROFESSIONAL FACILITY MANAGEMENT COMPANY.

18 4. DIRECT THE ACTIVITIES OF OUTSIDE CONSULTANTS.

19 5-806. Gift ban; principals and lobbyists; exemptions

20 A. A PRINCIPAL OR LOBBYIST OR ANY OTHER PERSON ACTING ON BEHALF OF A
21 PRINCIPAL OR LOBBYIST SHALL NOT GIVE A GIFT TO ANY BOARD MEMBER OR EMPLOYEE
22 OF THE BOARD AND A BOARD MEMBER OR EMPLOYEE OF THE BOARD SHALL NOT ACCEPT A
23 GIFT FROM A PRINCIPAL OR LOBBYIST.

24 B. FOR THE PURPOSE OF THIS SECTION, A GIFT DOES NOT INCLUDE ANY OF THE
25 FOLLOWING:

26 1. SALARY, COMPENSATION OR EMPLOYER REIMBURSED EXPENSES LAWFULLY PAID
27 TO A BOARD MEMBER OR EMPLOYEE.

28 2. A FAMILY GIFT.

29 3. AN AWARD OR PRIZE THAT IS GIVEN TO COMPETITORS IN A CONTEST OR
30 EVENT THAT IS OPEN TO THE PUBLIC INCLUDING A RANDOM DRAWING.

31 4. ANY DISCOUNT OR OTHER BENEFIT THAT IS OFFERED TO A BOARD MEMBER OR
32 EMPLOYEE ON THE SAME CONDITIONS AS TO THE PUBLIC, TO A CLASS CONSISTING OF
33 ALL BOARD MEMBERS AND EMPLOYEES OR TO A GROUP OR CLASS IN WHICH MEMBERSHIP IS
34 UNRELATED TO BEING A BOARD MEMBER OR EMPLOYEE.

35 5. AN EDUCATIONAL EVENT OR SPEAKING ENGAGEMENT.

36 6. EXPENSES RELATING TO A SPECIAL EVENT OR FUNCTION TO WHICH ALL
37 MEMBERS OF THE BOARD ARE INVITED AND THAT ARE PROPERLY REPORTED.

38 7. FLOWERS.

39 8. FOOD AND BEVERAGE.

40 9. INFORMATIONAL MATERIAL, INCLUDING A BOOK, CALENDAR, PAMPHLET,
41 PERIODICAL, REPORT OR VIDEO.

42 10. AN ITEM THAT IS NOT USED AND THAT IS RETURNED WITHIN FIFTEEN DAYS
43 OF RECEIPT TO THE DONOR OR THAT IS DELIVERED WITHIN FIFTEEN DAYS OF RECEIPT
44 TO A CHARITABLE ORGANIZATION AND THAT IS NOT CLAIMED AS A CHARITABLE
45 CONTRIBUTION FOR STATE OR FEDERAL INCOME TAX PURPOSES.

1 11. AN ITEM THAT IS GIVEN TO A BOARD MEMBER OR EMPLOYEE IF THE BOARD
2 MEMBER OR EMPLOYEE GIVES AN ITEM OF APPROXIMATELY THE SAME VALUE TO THE GIVER
3 OF THE ITEM AT THE SAME TIME THAT THE ITEM IS GIVEN OR ON A SIMILAR OCCASION
4 AS THE ONE THAT PROMPTED THE ORIGINAL ITEM TO BE GIVEN.

5 12. AN ITEM OF A PERSONAL NATURE THAT WAS CUSTOMARILY RECEIVED BY AN
6 INDIVIDUAL FROM THE DONOR BEFORE THE INDIVIDUAL BECAME A BOARD MEMBER OR
7 EMPLOYEE.

8 13. AN ITEM THAT IS GIVEN TO THE GENERAL PUBLIC AT AN EVENT.

9 14. AN ITEM OF NOMINAL VALUE SUCH AS A GREETING CARD, BASEBALL CAP,
10 T-SHIRT, MUG OR PEN.

11 15. NONRECREATIONAL TRAVEL OR LODGING, OR BOTH.

12 16. PERSONAL HOSPITALITY.

13 17. A PLAQUE OR OTHER FORM OF RECOGNITION SIMILAR TO A PLAQUE TO A
14 BOARD MEMBER OR EMPLOYEE TO SIGNIFY THE HONORARY RECOGNITION OF A SERVICE OR
15 OTHER NOTABLE ACCOMPLISHMENT.

16 18. PROFESSIONAL OR CONSULTING SERVICES RENDERED ON MATTERS DIRECTLY
17 RELATED TO HOLDING A POSITION ON THE BOARD OR EMPLOYEE OF THE BOARD AND THAT
18 ARE NOT RENDERED TO OBTAIN A BENEFIT FOR ANY REGISTERED PRINCIPAL, PUBLIC
19 BODY, LOBBYIST, DESIGNATED PUBLIC LOBBYIST OR AUTHORIZED PUBLIC LOBBYIST OR
20 THE CLIENTS OF A PRINCIPAL OR LOBBYIST.

21 5-807. Constructing and operating multipurpose facility

22 A. THE AUTHORITY SHALL CONSTRUCT, FINANCE, FURNISH, MAINTAIN, IMPROVE,
23 OPERATE, MARKET AND PROMOTE THE USE OF A MULTIPURPOSE FACILITY AND DO ALL
24 THINGS NECESSARY OR CONVENIENT TO ACCOMPLISH THOSE PURPOSES. THE COUNTY OR
25 CITY IN WHICH THE MULTIPURPOSE FACILITY IS LOCATED SHALL PROVIDE THE LAND,
26 INFRASTRUCTURE AND PARKING FACILITIES ASSOCIATED WITH THE MULTIPURPOSE
27 FACILITY. THE AUTHORITY SHALL HOLD LEGAL TITLE TO ANY MULTIPURPOSE FACILITY,
28 SUBJECT ONLY TO LIENS AND OTHER SECURITY INTERESTS OF RECORD.

29 B. THE EXECUTIVE DIRECTOR SHALL:

30 1. RECOMMEND TO THE BOARD FOR ITS APPROVAL A CONTRACTOR AND ARCHITECT,
31 UNLESS THE ARCHITECT WILL BE EMPLOYED DIRECTLY BY THE CONTRACTOR.

32 2. WORK WITH THE USERS, CONTRACTOR AND ARCHITECT TO PREPARE A DESIGN
33 FOR THE MULTIPURPOSE FACILITY AND SUBMIT THE DESIGN TO THE BOARD FOR ITS
34 APPROVAL.

35 3. PREPARE THE CONSTRUCTION BUDGET AND SCHEDULE FOR THE MULTIPURPOSE
36 FACILITY AND SUBMIT IT TO THE BOARD FOR ITS APPROVAL.

37 4. PREPARE THE ANNUAL OPERATING BUDGET FOR THE MULTIPURPOSE FACILITY
38 AND SUBMIT IT TO THE BOARD FOR ITS APPROVAL.

39 5. NEGOTIATE USE AGREEMENTS WITH PARTIES THAT WILL USE THE
40 MULTIPURPOSE FACILITY ON A REGULAR BASIS, INCLUDING PARTIES THAT WILL MAKE A
41 CONTRIBUTION TOWARD THE CONSTRUCTION OF THE FACILITY, AND SUBMIT THE
42 AGREEMENTS TO THE BOARD FOR ITS FINAL ACTION. ANY SUCH AGREEMENT THAT GRANTS
43 NAMING OR OTHER ADVERTISING RIGHTS MUST INCLUDE A PROVISION REQUIRING THE
44 FACILITY NAME AND OTHER ADVERTISING TO COMPLY WITH COMMUNITY DECENCY
45 STANDARDS.

1 6. NEGOTIATE AGREEMENTS WITH THE CONTRACTOR AND ARCHITECT, UNLESS THE
2 ARCHITECT WILL BE EMPLOYED DIRECTLY BY THE CONTRACTOR, AND SUBMIT THE
3 AGREEMENTS TO THE BOARD FOR ITS FINAL ACTION.

4 7. REVIEW CONSTRUCTION CHANGE ORDER REQUESTS AND SUBMIT THEM TO THE
5 BOARD WITH RECOMMENDATIONS FOR FINAL ACTION.

6 8. ARRANGE FOR CAPITAL AND OPERATING FINANCING, AS NEEDED, AND SUBMIT
7 THE TRANSACTIONS TO THE BOARD FOR ITS FINAL ACTION.

8 9. ANALYZE AND RECOMMEND TO THE BOARD POTENTIAL SITES FOR THE
9 FACILITY.

10 10. NEGOTIATE AN INTERGOVERNMENTAL AGREEMENT PURSUANT TO TITLE 11,
11 CHAPTER 7, ARTICLE 3 WITH THE COUNTY OR THE CITY IN WHICH THE MULTIPURPOSE
12 FACILITY WILL BE LOCATED CONCERNING THE LAND, INFRASTRUCTURE AND PARKING TO
13 BE PROVIDED BY THE COUNTY OR CITY AND SUBMIT THE AGREEMENT TO THE BOARD FOR
14 ITS FINAL ACTION.

15 11. IN CONSULTATION WITH THE USERS OF THE MULTIPURPOSE FACILITY,
16 NEGOTIATE A CONTRACT WITH A MANAGEMENT FIRM TO OPERATE, PROMOTE AND MARKET
17 THE MULTIPURPOSE FACILITY AND SUBMIT THE CONTRACT TO THE BOARD FOR ITS FINAL
18 ACTION.

19 12. IN CONSULTATION WITH THE USERS OF THE MULTIPURPOSE FACILITY,
20 NEGOTIATE CONTRACTS WITH CONCESSIONAIRES AND OTHER PROVIDERS FOR FOOD,
21 BEVERAGE AND OTHER SERVICES AT THE MULTIPURPOSE FACILITY AND SUBMIT THE
22 CONTRACTS TO THE BOARD FOR ITS FINAL ACTION.

23 13. TAKE OTHER ACTIONS THAT ARE NECESSARY TO ENSURE THAT THE
24 MULTIPURPOSE FACILITY IS CONSTRUCTED ACCORDING TO THE SCHEDULE AND BUDGET
25 APPROVED BY THE BOARD.

26 C. TITLE 34 APPLIES TO THE AUTHORITY, EXCEPT THAT REGARDLESS OF THE
27 FUNDING SOURCE FOR DESIGN AND CONSTRUCTION OF FACILITIES AND STRUCTURES AND
28 NOTWITHSTANDING TITLE 41, CHAPTER 23, THE AUTHORITY MAY ESTABLISH ALTERNATIVE
29 SYSTEMS AND PROCEDURES, INCLUDING THE USE OF THE DESIGN-BUILD METHOD OF
30 CONSTRUCTION AND THE USE OF QUALIFICATIONS-BASED SELECTION OF CONTRACTORS
31 WITH EXPERIENCE IN STADIUM DESIGN OR CONSTRUCTION, BY EITHER DIRECT SELECTION
32 OR BY PUBLIC COMPETITION, TO EXPEDITE THE DESIGN AND CONSTRUCTION OF ANY OF
33 ITS FACILITIES OR STRUCTURES OR ANY FACILITIES OR STRUCTURES LEASED TO IT OR
34 USED BY IT PURSUANT TO AN INTERGOVERNMENTAL AGREEMENT. FOR PURPOSES OF THIS
35 SUBSECTION:

36 1. "DESIGN-BUILD" MEANS A PROCESS OF ENTERING INTO AND MANAGING A
37 CONTRACT BETWEEN THE AUTHORITY AND ANOTHER PARTY IN WHICH THE OTHER PARTY
38 AGREES TO BOTH DESIGN AND BUILD ANY STRUCTURE, FACILITY OR OTHER ITEMS
39 SPECIFIED IN THE CONTRACT.

40 2. "QUALIFICATIONS-BASED SELECTION" MEANS A PROCESS OF ENTERING INTO
41 AND MANAGING A CONTRACT BETWEEN THE AUTHORITY AND ANOTHER PARTY IN WHICH THE
42 OTHER PARTY IS SELECTED BY THE AUTHORITY ON THE BASIS OF THE PARTY'S
43 QUALIFICATIONS AND EXPERIENCE IN DESIGNING OR CONSTRUCTING FACILITIES,
44 STRUCTURES OR OTHER ITEMS SIMILAR TO THOSE THE AUTHORITY IS AUTHORIZED TO
45 CONSTRUCT OR LEASE.

1 D. THE PLANS AND SPECIFICATIONS FOR THE MULTIPURPOSE FACILITY ARE
2 SUBJECT TO REVIEW AND APPROVAL BY THE BOARD. THE BOARD SHALL INSPECT AND
3 APPROVE CONSTRUCTION OF THE FACILITY, IF IT CONFORMS TO THE PLANS AND
4 SPECIFICATIONS AND APPLICABLE ENGINEERING STANDARDS. THROUGHOUT THE LIFE OF
5 THE MULTIPURPOSE FACILITY, THE BOARD IS RESPONSIBLE AND SHALL MONITOR AND
6 TAKE ACTION AS NECESSARY TO ENSURE THE APPROPRIATE MAINTENANCE AND OPERATION
7 OF THE FACILITY.

8 5-808. Major league baseball spring training facilities; local
9 financial participation

10 A. FROM MONIES IN THE CACTUS LEAGUE PROMOTION ACCOUNT ESTABLISHED BY
11 SECTION 5-837, THE AUTHORITY MAY:

12 1. ACQUIRE LAND OR CONSTRUCT, FINANCE, FURNISH, IMPROVE, MARKET OR
13 PROMOTE THE USE OF EXISTING OR PROPOSED MAJOR LEAGUE BASEBALL SPRING TRAINING
14 FACILITIES THAT ARE LOCATED IN THE AUTHORITY AND OTHER STRUCTURES, UTILITIES,
15 ROADS, PARKING AREAS OR BUILDINGS NECESSARY FOR FULL USE OF THE TRAINING
16 FACILITIES FOR SPORTS AND OTHER PURPOSES.

17 2. DO ALL THINGS NECESSARY OR CONVENIENT TO ACCOMPLISH THOSE PURPOSES.

18 B. THE BOARD SHALL REQUIRE THAT ANY PROJECT UNDERTAKEN PURSUANT TO
19 THIS SECTION INCLUDE FINANCIAL PARTICIPATION FROM THE COUNTY OR MUNICIPALITY
20 IN WHICH THE PROJECT IS LOCATED, FROM A PRIVATE PARTY OR FROM ANY COMBINATION
21 OF THESE ENTITIES THAT EQUALS OR EXCEEDS ONE-HALF OF THE AMOUNT TO BE SPENT
22 OR DISTRIBUTED BY THE AUTHORITY. CAPITAL IMPROVEMENT MONIES SPENT BY A
23 COUNTY, MUNICIPALITY OR PRIVATE PARTY FOR A PURPOSE AUTHORIZED BY THIS
24 SECTION MAY BE CONSIDERED TO BE FINANCIAL PARTICIPATION WITH RESPECT TO ANY
25 PROJECT THE AUTHORITY MAY UNDERTAKE.

26 C. FOR PURPOSES OF FINANCING, DESIGNING OR CONSTRUCTING FACILITIES OR
27 STRUCTURES, THE AUTHORITY IS NOT THE AGENT OF ANY OTHER PARTY PARTICIPATING
28 IN THE FUNDING OF THE FACILITY OR STRUCTURE.

29 D. BEFORE UNDERTAKING THE PLANNING OR CONSTRUCTION OF THE FIRST NEW
30 FACILITY UNDER THIS SECTION, THE BOARD MAY CONSIDER THE COSTS OF ANTICIPATED
31 REQUIRED RENOVATIONS OF EXISTING FACILITIES AND SHALL CONSIDER SUCH COSTS FOR
32 SUBSEQUENT NEW FACILITIES.

33 5-809. Community youth and amateur sports and recreational
34 facilities; local financial participation

35 A. FROM MONIES IN THE YOUTH AND AMATEUR SPORTS FACILITIES ACCOUNT
36 ESTABLISHED BY SECTION 5-838, THE AUTHORITY MAY:

37 1. ACQUIRE LAND OR CONSTRUCT, FINANCE, FURNISH, MAINTAIN, IMPROVE,
38 OPERATE, MARKET OR PROMOTE THE USE OF COMMUNITY YOUTH AND AMATEUR SPORTS
39 FACILITIES, RECREATIONAL FACILITIES AND OTHER COMMUNITY FACILITIES OR
40 PROGRAMS THAT ARE LOCATED IN THE AUTHORITY.

41 2. DO ALL THINGS NECESSARY OR CONVENIENT TO ACCOMPLISH THOSE PURPOSES.

42 B. THE BOARD SHALL REQUIRE THAT ANY PROJECT UNDERTAKEN PURSUANT TO
43 THIS SECTION INCLUDE FINANCIAL PARTICIPATION FROM THE COUNTY, MUNICIPALITY OR
44 SCHOOL DISTRICT IN WHICH THE PROJECT IS LOCATED, FROM ANY OTHER PARTY OR FROM
45 ANY COMBINATION OF THESE ENTITIES THAT EQUALS OR EXCEEDS ONE-HALF OF THE

1 AMOUNT TO BE SPENT OR DISTRIBUTED BY THE AUTHORITY. CAPITAL IMPROVEMENT
2 MONIES SPENT BY A COUNTY, MUNICIPALITY, SCHOOL DISTRICT OR OTHER PARTY FOR A
3 PURPOSE AUTHORIZED BY THIS SECTION MAY BE CONSIDERED TO BE FINANCIAL
4 PARTICIPATION WITH RESPECT TO ANY PROJECT THE AUTHORITY MAY UNDERTAKE.

5 C. FOR PURPOSES OF FINANCING, DESIGNING, CONSTRUCTING OR OPERATING
6 FACILITIES OR STRUCTURES, THE AUTHORITY IS NOT THE AGENT OF ANY OTHER PARTY
7 PARTICIPATING IN THE FUNDING OF THE FACILITY OR STRUCTURE.

8 D. IN EVALUATING PROJECTS UNDER THIS SECTION, THE BOARD SHALL GIVE
9 PRIORITY TO YOUTH RECREATIONAL FACILITIES THAT ARE ADJACENT, IN PROXIMITY OR
10 OF BENEFIT TO PUBLIC SCHOOLS.

11 5-810. Regulating sale, use and consumption of alcoholic
12 beverages

13 SUBJECT TO THE REQUIREMENTS OF TITLE 4, THE BOARD MAY PERMIT AND
14 REGULATE THE SALE, USE AND CONSUMPTION OF ALCOHOLIC BEVERAGES AT EVENTS HELD
15 ON PROPERTY ACQUIRED, LEASED OR SUBLEASED UNDER THIS CHAPTER.

16 5-811. Conflicts of interest; violation; classification

17 A. THE DIRECTORS, OFFICERS AND EMPLOYEES OF THE AUTHORITY ARE SUBJECT
18 TO TITLE 38, CHAPTER 3, ARTICLE 8 RELATING TO CONFLICTS OF INTEREST.

19 B. A DIRECTOR, OFFICER OR EMPLOYEE OF THE AUTHORITY SHALL NOT HAVE ANY
20 DIRECT OR INDIRECT FINANCIAL INTEREST IN ANY PROPERTY OWNED, PURCHASED OR
21 CONSTRUCTED BY THE AUTHORITY.

22 C. A PERSON WHO VIOLATES THIS SECTION IS GUILTY OF A CLASS 1
23 MISDEMEANOR.

24 5-812. Decennial performance audit

25 A. BEGINNING IN 2010 AND EVERY TENTH YEAR THEREAFTER, THE AUDITOR
26 GENERAL SHALL CONDUCT A PERFORMANCE AUDIT OF THE AUTHORITY, AS DEFINED IN
27 SECTION 41-1278.

28 B. ON OR BEFORE NOVEMBER 30 OF THE RESPECTIVE YEAR THE AUDITOR GENERAL
29 SHALL ISSUE A PUBLIC REPORT OF THE PERFORMANCE AUDIT INCLUDING FINDINGS AND
30 SPECIFIC RECOMMENDATIONS FOR STATUTORY AND ADMINISTRATIVE CHANGES TO IMPROVE
31 THE OPERATION OF THE AUTHORITY. THE AUDITOR GENERAL SHALL SUBMIT COPIES OF
32 THE REPORT TO THE GOVERNOR, PRESIDENT OF THE SENATE, SPEAKER OF THE HOUSE OF
33 REPRESENTATIVES, SECRETARY OF STATE AND DEPARTMENT OF LIBRARY, ARCHIVES AND
34 PUBLIC RECORDS.

35 5-813. Disadvantaged business enterprise participation goals

36 A. NOTWITHSTANDING ANY OTHER LAW, THE AUTHORITY SHALL:

37 1. ESTABLISH DISADVANTAGED BUSINESS ENTERPRISE PARTICIPATION GOALS FOR
38 THE DESIGN, ENGINEERING AND CONSTRUCTION OF THE MULTIPURPOSE FACILITY UNDER
39 SECTION 5-807 BASED ON THE AVAILABILITY OF READY, WILLING AND ABLE
40 DISADVANTAGED BUSINESS ENTERPRISES COMPARED TO THE GENERAL POPULATION OF
41 CONSULTANTS, PRIME CONTRACTORS AND SUBCONTRACTORS, SUPPLIERS AND SERVICE
42 PROVIDERS.

43 2. ESTABLISH PROCEDURES FOR MEETING THESE GOALS, INCLUDING COMPILING A
44 REGISTRY OF DISADVANTAGED BUSINESS ENTERPRISES THAT ARE CERTIFIED BY A LOCAL,
45 COUNTY OR STATE AGENCY.

1 OTHERWISE PROVIDED BY LAW. THE AUTHORITY'S INVESTMENTS MUST MATURE WHEN THE
2 FUND ASSETS WILL BE REQUIRED FOR THE PURPOSES OF THIS CHAPTER. IF THE LIQUID
3 ASSETS IN THE FUND BECOME INSUFFICIENT TO MEET THE AUTHORITY'S OBLIGATIONS,
4 THE BOARD SHALL DIRECT THE TREASURER TO LIQUIDATE SUFFICIENT SECURITIES TO
5 MEET ALL OF THE CURRENT OBLIGATIONS AND IMMEDIATELY NOTIFY THE AUDITOR
6 GENERAL OF THE INSUFFICIENCY. THE AUDITOR GENERAL SHALL INVESTIGATE AND
7 AUDIT THE CIRCUMSTANCES SURROUNDING THE DEPLETION OF THE FUND AND REPORT THE
8 FINDINGS TO THE BOARD.

9 5-833. Construction account

10 A. THE AUTHORITY SHALL MAINTAIN A CONSTRUCTION ACCOUNT IN THE GENERAL
11 FUND CONSISTING OF:

12 1. MONIES RECEIVED BY THE AUTHORITY FROM ANY SOURCE FOR THE PURPOSE OF
13 ACQUIRING LAND FOR AND FUNDING THE COST OF CONSTRUCTING A MULTIPURPOSE
14 FACILITY, INCLUDING FINANCIAL PARTICIPATION FOR CAPITAL COSTS OF THE FACILITY
15 FROM ANY PRIVATE OR PUBLIC SOURCE.

16 2. PROCEEDS OF BONDS ISSUED BY THE AUTHORITY PURSUANT TO SECTION
17 5-863, WHICH SHALL BE HELD IN A SEGREGATED BOND PROCEEDS SUBACCOUNT IN THE
18 CONSTRUCTION ACCOUNT.

19 B. THE AUTHORITY MAY SPEND MONIES IN THE CONSTRUCTION ACCOUNT FOR
20 COSTS OF ANY MULTIPURPOSE FACILITY PURPOSE, AS DEFINED IN SECTION 5-861.

21 5-834. Facility revenue clearing account

22 A. THE AUTHORITY SHALL MAINTAIN A FACILITY REVENUE CLEARING ACCOUNT IN
23 THE GENERAL FUND CONSISTING OF:

24 1. REVENUES RECEIVED FROM DEDICATED PUBLIC FUNDING SOURCES AS PROVIDED
25 BY LAW.

26 2. PAYMENTS RECEIVED FROM LEASING, SUBLEASING OR RENTING PROPERTY
27 OWNED, LEASED OR CONTROLLED BY THE AUTHORITY.

28 3. REVENUES RECEIVED BY THE AUTHORITY FROM ADMISSIONS, CONCESSIONS AND
29 OTHER PROCEEDS FROM EVENTS HELD AT A MULTIPURPOSE FACILITY OWNED OR LEASED BY
30 THE AUTHORITY.

31 4. GIFTS, GRANTS AND DONATIONS RECEIVED FOR OPERATING PURPOSES FROM
32 ANY PUBLIC OR PRIVATE SOURCE.

33 5. PROCEEDS FROM THE SALE OF ANY OF THE AUTHORITY'S PROPERTY.

34 6. FINANCIAL PARTICIPATION FOR OPERATING COSTS RECEIVED FROM THE
35 COUNTY OR MUNICIPALITY IN WHICH A MULTIPURPOSE FACILITY OWNED OR LEASED BY
36 THE AUTHORITY IS LOCATED.

37 B. ON THE SECOND TUESDAY OF EACH MONTH, THE TREASURER OF THE AUTHORITY
38 SHALL DISTRIBUTE ALL MONIES IN THE ACCOUNT IN THE FOLLOWING ORDER OF
39 PRIORITY:

40 1. TO THE DEBT SERVICE ACCOUNT ESTABLISHED BY SECTION 5-865, AN AMOUNT
41 EQUAL TO ONE-TWELFTH OF THE ANNUAL DEBT SERVICE ON BONDS AND OTHER DEBT
42 OBLIGATIONS OF THE AUTHORITY THAT ARE SECURED IN WHOLE OR IN PART BY AND
43 PAYABLE FROM REVENUES OR MONIES DEPOSITED TO THE FACILITY REVENUE CLEARING
44 ACCOUNT, NET OF DEPOSITS TO THE DEBT SERVICE ACCOUNT PURSUANT TO SECTION
45 5-835, SUBSECTION B, PARAGRAPH 1.

1 2. TO THE OPERATING ACCOUNT OF THE AUTHORITY ESTABLISHED BY SECTION
2 5-836, ALL REMAINING MONIES IN THE FACILITY REVENUE CLEARING ACCOUNT.

3 5-835. Tourism revenue clearing account

4 A. THE AUTHORITY SHALL MAINTAIN A TOURISM REVENUE CLEARING ACCOUNT
5 WITHIN THE GENERAL FUND CONSISTING OF MONIES TRANSMITTED TO THE AUTHORITY BY
6 THE STATE TREASURER PURSUANT TO SECTIONS 5-839 AND 5-840. ON THE SECOND
7 TUESDAY OF EACH MONTH, THE TREASURER OF THE AUTHORITY SHALL DISTRIBUTE ALL
8 MONIES IN THE ACCOUNT AS PROVIDED BY THIS SECTION.

9 B. FOR AS LONG AS THE AUTHORITY OWES DEBT SERVICE ON BONDS OR OTHER
10 DEBT OBLIGATIONS PAYABLE FROM REVENUES OR MONIES DEPOSITED IN THE TOURISM
11 REVENUE CLEARING ACCOUNT, THE TREASURER SHALL DISTRIBUTE ALL MONIES IN THE
12 ACCOUNT IN THE FOLLOWING ORDER OF PRIORITY:

13 1. TO THE DEBT SERVICE ACCOUNT ESTABLISHED BY SECTION 5-865, AN AMOUNT
14 EQUAL TO ONE-TWELFTH OF THE ANNUAL DEBT SERVICE ON BONDS AND OTHER DEBT
15 OBLIGATIONS ISSUED BY THE AUTHORITY FOR NOT MORE THAN ONE-HALF OF THREE
16 HUNDRED THIRTY-ONE MILLION DOLLARS OF THE CAPITAL COSTS ASSOCIATED WITH
17 CONSTRUCTING THE MULTIPURPOSE FACILITY, PLUS INTEREST EARNED ON ANY MONIES
18 ESCROWED BEFORE PAYMENT TO THE DEBT SERVICE ACCOUNT, AMORTIZED OVER A THIRTY
19 YEAR REPAYMENT TERM AND THAT ARE SECURED IN WHOLE OR IN PART BY AND PAYABLE
20 FROM REVENUES OR MONIES DEPOSITED IN THE TOURISM REVENUE CLEARING ACCOUNT, OR
21 A LESSER AMOUNT AS DETERMINED BY THE AUTHORITY.

22 2. TO THE TOURISM FUND ESTABLISHED BY SECTION 41-2306, AN AMOUNT EQUAL
23 TO ONE-TWELFTH OF FOUR MILLION DOLLARS OVER THE FIRST TWELVE MONTHS OF
24 DISTRIBUTION, INCREASED IN EACH SUBSEQUENT TWELVE MONTH PERIOD BY AN
25 ADDITIONAL FIVE PER CENT OVER THE PRECEDING TWELVE MONTHS' DISTRIBUTION.

26 3. TO THE CACTUS LEAGUE PROMOTION ACCOUNT ESTABLISHED BY SECTION
27 5-837, AN AMOUNT EQUAL TO:

28 DURING THE FIRST EIGHTY-FOUR MONTHS	\$250,000 PER MONTH
29 DURING THE EIGHTY-FIFTH THROUGH ONE HUNDRED 30 TWENTIETH MONTHS	\$333,333 PER MONTH
31 DURING THE ONE HUNDRED TWENTY-FIRST THROUGH 32 ONE HUNDRED FORTY-FOURTH MONTHS	\$500,000 PER MONTH
33 DURING THE ONE HUNDRED FORTY-FIFTH THROUGH 34 ONE HUNDRED NINETY-SECOND MONTHS	\$583,333 PER MONTH
35 DURING THE ONE HUNDRED NINETY-THIRD THROUGH 36 TWO HUNDRED FORTIETH MONTHS	\$666,667 PER MONTH
37 DURING THE TWO HUNDRED FORTY-FIRST THROUGH 38 TWO HUNDRED EIGHTY-EIGHTH MONTHS	\$750,000 PER MONTH
39 DURING THE TWO HUNDRED EIGHTY-NINTH THROUGH 40 THREE HUNDRED TWELFTH MONTHS	\$833,333 PER MONTH
41 DURING THE THREE HUNDRED THIRTEENTH THROUGH 42 THREE HUNDRED SIXTIETH MONTHS	\$916,667 PER MONTH

43 4. TO THE OPERATING ACCOUNT ESTABLISHED BY SECTION 5-836, AN AMOUNT
44 EQUAL TO ONE-TWELFTH OF THE AUTHORITY'S ADOPTED BUDGET FOR THE PERIOD FOR THE
45 PURPOSES SET FORTH IN SECTION 5-836, SUBSECTION B, PARAGRAPHS 1 AND 2 AND NET

1 OF ANY MONIES ESTIMATED TO BE AVAILABLE IN THE OPERATING ACCOUNT FOR THOSE
2 PURPOSES IN THAT PERIOD.

3 5. TO THE YOUTH AND AMATEUR SPORTS FACILITIES FUND ESTABLISHED BY
4 SECTION 5-838, AN AMOUNT EQUAL TO ONE-TWELFTH OF ONE MILLION DOLLARS OVER THE
5 FIRST TWELVE MONTHS OF DISTRIBUTION, INCREASED IN EACH SUBSEQUENT TWELVE
6 MONTH PERIOD BY AN ADDITIONAL ONE HUNDRED THOUSAND DOLLARS OVER THE PRIOR
7 TWELVE MONTHS' DISTRIBUTION.

8 6. TO THE OPERATING ACCOUNT ESTABLISHED BY SECTION 5-836, ANY MONIES
9 REMAINING UNALLOCATED EACH MONTH.

10 C. AFTER ALL BONDS AND OTHER DEBT OBLIGATIONS OF THE AUTHORITY THAT
11 ARE SECURED IN WHOLE OR IN PART BY AND PAYABLE FROM REVENUES OR MONIES
12 DEPOSITED IN THE TOURISM REVENUE CLEARING ACCOUNT ARE REDEEMED OR FULLY
13 PROVIDED FOR, THE TREASURER OF THE AUTHORITY SHALL DISTRIBUTE ALL MONIES
14 REMAINING IN THE ACCOUNT AFTER THE DISTRIBUTIONS PROVIDED FOR BY SUBSECTION
15 B, PARAGRAPHS 2, 3 AND 5 OF THIS SECTION, AND AFTER THE AUTHORITY'S REPAIR
16 AND REPLACEMENT REQUIREMENTS ARE FUNDED PURSUANT TO SECTION 5-836, SUBSECTION
17 C, PARAGRAPH 2, AS FOLLOWS:

18 1. SEVENTY PER CENT TO THE TOURISM FUND ESTABLISHED BY SECTION
19 41-2306.

20 2. THIRTY PER CENT TO THE CACTUS LEAGUE PROMOTION ACCOUNT ESTABLISHED
21 BY SECTION 5-837.

22 5-836. Operating account

23 A. THE AUTHORITY SHALL MAINTAIN AN OPERATING ACCOUNT CONSISTING OF
24 MONIES TRANSMITTED TO THE ACCOUNT PURSUANT TO SECTIONS 5-834 AND 5-835.

25 B. THE AUTHORITY MAY SPEND MONIES IN THE OPERATING ACCOUNT FOR COSTS
26 INCURRED FOR ANY OF THE FOLLOWING PURPOSES:

27 1. OPERATING, MARKETING, PROMOTING, FURNISHING AND EQUIPPING A
28 MULTIPURPOSE FACILITY.

29 2. PAYING ALL COSTS ASSOCIATED WITH THE AUTHORITY'S ADMINISTRATIVE
30 DUTIES AS PROVIDED IN SECTIONS 5-804 AND 5-805.

31 3. PAYMENT TO THE DEBT SERVICE ACCOUNT ESTABLISHED BY SECTION 5-865 TO
32 BE USED FOR PAYMENT OR EARLY REDEMPTION OF BONDED INDEBTEDNESS.

33 C. THE AUTHORITY SHALL ESTABLISH IN THE OPERATING ACCOUNT:

34 1. A RESERVE TO MEET FUTURE OPERATING COSTS OF THE AUTHORITY,
35 INCLUDING AMOUNTS THAT ARE SUFFICIENT TO PAY ALL COSTS ASSOCIATED WITH EVENTS
36 HELD AT THE MULTIPURPOSE FACILITY.

37 2. A RESERVE FOR REPAIR AND REPLACEMENT COSTS ASSOCIATED WITH THE
38 MULTIPURPOSE FACILITY IN AN AMOUNT AT LEAST EQUAL TO TWENTY-FIVE MILLION
39 DOLLARS, ADJUSTED FOR INFLATION EACH YEAR AFTER 2001.

40 D. THIS STATE IS NOT LIABLE OR RESPONSIBLE FOR THE OPERATING COSTS OF
41 THE AUTHORITY, INCLUDING THE OPERATING, MARKETING, PROMOTION, FURNISHING,
42 EQUIPPING, REPAIR OR REPLACEMENT COSTS OF ANY FACILITY OR PROJECT FUNDED BY
43 THE AUTHORITY.

1 5-837. Cactus league promotion account

2 A. THE AUTHORITY SHALL MAINTAIN A CACTUS LEAGUE PROMOTION ACCOUNT
3 CONSISTING OF MONIES TRANSMITTED TO THE ACCOUNT PURSUANT TO SECTION 5-835.

4 B. THE AUTHORITY SHALL USE MONIES IN THE FUND FOR PURPOSES OF SECTION
5 5-808.

6 C. THE AUTHORITY MAY PLEDGE ALL OR PART OF THE REVENUES AND OTHER
7 MONIES RECEIVED BY THE AUTHORITY TO SECURE BONDS OR OTHER DEBT OBLIGATIONS
8 ISSUED BY THE AUTHORITY FOR THE PURPOSES OF PROVIDING MONIES FOR EXPENDITURE
9 UNDER THIS SECTION. AS NEARLY AS PRACTICABLE, THE BONDS ISSUED PURSUANT TO
10 THIS SUBSECTION SHALL BE AUTHORIZED AND ISSUED IN A MANNER CONSISTENT WITH
11 ARTICLE 3 OF THIS CHAPTER, EXCEPT THAT THE PROCEEDS OF THE BONDS SHALL BE
12 SPENT PURSUANT TO THIS SECTION. THE PLEDGE SECURING BONDS ISSUED PURSUANT TO
13 THIS SECTION IS SUBORDINATE TO THE PLEDGE SECURING BONDS OR OTHER DEBT
14 OBLIGATIONS ISSUED PURSUANT TO ARTICLE 3 OF THIS CHAPTER AND, EXCEPT FOR
15 MONIES ALREADY IN THE CACTUS LEAGUE PROMOTION ACCOUNT, TO THE DISTRIBUTION OF
16 MONIES PURSUANT TO SECTION 5-835, SUBSECTION B, PARAGRAPH 2.

17 5-838. Youth and amateur sports facilities account

18 A. THE AUTHORITY SHALL MAINTAIN A YOUTH AND AMATEUR SPORTS FACILITIES
19 ACCOUNT CONSISTING OF MONIES TRANSMITTED TO THE ACCOUNT PURSUANT TO SECTION
20 5-835.

21 B. THE AUTHORITY SHALL USE MONIES IN THE FUND FOR PURPOSES OF SECTION
22 5-809.

23 5-839. Car rental surcharge

24 A. THE QUALIFIED ELECTORS RESIDING IN THE AUTHORITY, BY MAJORITY VOTE
25 AT AN ELECTION HELD IN THE AUTHORITY, MAY LEVY AND, IF LEVIED, THE DEPARTMENT
26 OF REVENUE SHALL COLLECT A CAR RENTAL SURCHARGE BEGINNING ON THE FIRST DAY OF
27 THE FIRST MONTH BEGINNING NINETY DAYS AFTER THE ELECTION TO LEVY THE
28 SURCHARGE. THE SURCHARGE SHALL BE IN EFFECT FOR THREE HUNDRED SIXTY MONTHS,
29 EXCEPT THAT IF NO BONDS ARE ISSUED UNDER THIS CHAPTER WITHIN TWO YEARS AFTER
30 THE SURCHARGE TAKES EFFECT, THE SURCHARGE TERMINATES AND ANY MONIES REMAINING
31 UNEXPENDED AND UNENCUMBERED SHALL BE TRANSFERRED TO THE STATE GENERAL FUND.

32 B. THE RATE OF THE SURCHARGE IS:

33 1. THREE AND ONE-FOURTH PER CENT OF THE GROSS PROCEEDS OR GROSS INCOME
34 FROM THE BUSINESS OR TWO DOLLARS FIFTY CENTS ON EACH LEASE OR RENTAL,
35 WHICHEVER IS MORE.

36 2. IN THE CASE OF A PERSON WHO LEASES OR RENTS THE MOTOR VEHICLE AS A
37 TEMPORARY REPLACEMENT MOTOR VEHICLE, TWO DOLLARS FIFTY CENTS ON EACH LEASE OR
38 RENTAL. FOR PURPOSES OF THIS PARAGRAPH, "TEMPORARY REPLACEMENT MOTOR
39 VEHICLE" MEANS A VEHICLE LOANED BY A MOTOR VEHICLE REPAIR FACILITY OR DEALER
40 OR RENTED BY A PERSON TEMPORARILY TO USE WHILE THE VEHICLE THAT IT IS
41 REPLACING IS NOT IN USE BECAUSE OF BREAKDOWN, REPAIR, SERVICE, DAMAGE OR
42 LOSS.

43 C. THE SURCHARGE APPLIES TO THE BUSINESS OF LEASING OR RENTING FOR
44 LESS THAN ONE YEAR MOTOR VEHICLES FOR HIRE WITHOUT A DRIVER, THAT ARE
45 DESIGNED TO OPERATE ON THE STREETS AND HIGHWAYS OF THIS STATE AND THAT ARE

1 PRIMARILY INTENDED TO CARRY NOT MORE THAN FOURTEEN PASSENGERS, REGARDLESS OF
2 WHETHER THE VEHICLE IS REGISTERED OR LICENSED IN THIS STATE.

3 D. THE SURCHARGE DOES NOT APPLY TO THE LEASE OR RENTAL OF A MOTOR
4 VEHICLE TO AN AUTOMOBILE DEALERSHIP, A REPAIR FACILITY, AN INSURANCE COMPANY
5 OR ANY OTHER PERSON THAT PROVIDES THAT VEHICLE AT NO CHARGE TO A PERSON WHOSE
6 OWN MOTOR VEHICLE IS BEING REPAIRED, ADJUSTED OR SERVICED.

7 E. THE SURCHARGE IS NOT TAXABLE UNDER SECTION 42-5071.

8 F. UNLESS THE CONTEXT OTHERWISE REQUIRES, SECTION 42-6102 GOVERNS THE
9 ADMINISTRATION OF A SURCHARGE IMPOSED UNDER THIS SECTION, WHICH SHALL BE
10 REPORTED ON A FORM PRESCRIBED BY THE DEPARTMENT OF REVENUE. THE DEPARTMENT
11 OF REVENUE SHALL REQUIRE A REPORT OF THE NUMBER OF LEASE OR RENTAL
12 TRANSACTIONS AND SHALL TRANSMIT THAT NUMBER TO THE STATE TREASURER.

13 G. EACH MONTH THE STATE TREASURER SHALL DISTRIBUTE REVENUES COLLECTED
14 PURSUANT TO THIS SECTION AS FOLLOWS:

15 1. TRANSMIT AN AMOUNT EQUAL TO TWO DOLLARS FIFTY CENTS ON EACH LEASE
16 OR RENTAL TRANSACTION TO THE COUNTY STADIUM DISTRICT ESTABLISHED IN THE
17 COUNTY IN WHICH THE AUTHORITY IS LOCATED PURSUANT TO TITLE 48, CHAPTER 26 FOR
18 DEPOSIT IN THE COUNTY STADIUM DISTRICT FUND. THE BOARD OF DIRECTORS OF THE
19 COUNTY STADIUM DISTRICT MAY PLEDGE ALL OR PART OF THESE MONIES TO SECURE
20 DISTRICT BONDS OR FINANCIAL OBLIGATIONS UNDER TITLE 48, CHAPTER 26.

21 2. PAY THE REMAINDER OF THE MONIES COLLECTED DURING THE MONTH TO THE
22 AUTHORITY FOR DEPOSIT IN THE TOURISM REVENUE CLEARING ACCOUNT ESTABLISHED BY
23 SECTION 5-835.

24 5-840. Tax on hotels

25 A. THE QUALIFIED ELECTORS RESIDING IN THE AUTHORITY, BY MAJORITY VOTE
26 AT AN ELECTION HELD IN THE AUTHORITY, MAY LEVY AND, IF LEVIED, THE DEPARTMENT
27 OF REVENUE SHALL COLLECT A TAX ON THE GROSS PROCEEDS OF SALES OR GROSS INCOME
28 FROM THE BUSINESS OF EVERY PERSON ENGAGING OR CONTINUING IN A BUSINESS TAXED
29 UNDER TITLE 42, CHAPTER 5 AND CLASSIFIED UNDER SECTION 42-5070 WITHIN THE
30 AUTHORITY. A TAX UNDER THIS SECTION IS IN ADDITION TO THE TAX IMPOSED BY
31 TITLE 42, CHAPTER 5 AND ANY TAX IMPOSED BY A CITY OR TOWN IN THE AUTHORITY.

32 B. IF LEVIED, THE TAX SHALL BE LEVIED UNDER THIS SECTION BEGINNING ON
33 THE FIRST DAY OF THE FIRST MONTH BEGINNING NINETY DAYS AFTER THE ELECTION TO
34 LEVY THE TAX. THE TAX SHALL BE IN EFFECT FOR THREE HUNDRED SIXTY MONTHS,
35 EXCEPT THAT IF NO BONDS ARE ISSUED UNDER THIS CHAPTER WITHIN TWO YEARS AFTER
36 THE TAX TAKES EFFECT, THE TAX TERMINATES AND ANY MONIES REMAINING UNEXPENDED
37 AND UNENCUMBERED SHALL BE TRANSFERRED TO THE STATE GENERAL FUND.

38 C. THE RATE OF THE TAX IS ONE PER CENT OF THE TAX BASE PRESCRIBED BY
39 SECTION 42-5070.

40 D. UNLESS THE CONTEXT OTHERWISE REQUIRES, SECTION 42-6102 GOVERNS THE
41 ADMINISTRATION OF THE TAX IMPOSED UNDER THIS SECTION.

42 E. EACH MONTH THE STATE TREASURER SHALL TRANSMIT THE NET REVENUES
43 COLLECTED PURSUANT TO THIS SECTION TO THE AUTHORITY FOR DEPOSIT IN THE
44 TOURISM REVENUE CLEARING ACCOUNT ESTABLISHED BY SECTION 5-835.

45 5-841. Audit

1 FROM THE SAME SOURCE OF REVENUES AS THE BONDS AUTHORIZED IN THIS ARTICLE BY
2 ISSUING NEW BONDS, WHETHER THE BONDS TO BE REFUNDED HAVE OR HAVE NOT MATURED.

3 6. ISSUE BONDS PARTLY TO REFUND OUTSTANDING BONDS AND PARTLY FOR ANY
4 MULTIPURPOSE FACILITY PURPOSE CONSISTENT WITH THIS ARTICLE.

5 B. THE BOARD SHALL AUTHORIZE THE BONDS BY RESOLUTION. THE RESOLUTION
6 SHALL PRESCRIBE:

7 1. THE AUTHORITY'S REVENUE SOURCES THAT ARE PLEDGED AND DEDICATED TO
8 SECURE THE BONDS.

9 2. THE RATE OR RATES OF INTEREST, WHICH MAY BE FIXED OR VARIABLE, THE
10 DATE OR DATES ON WHICH INTEREST IS PAYABLE AND THE DENOMINATIONS OF THE
11 BONDS.

12 3. THE DATE OR DATES OF THE BONDS AND MATURITY.

13 4. THE MANNER OF EXECUTING THE BONDS.

14 5. THE MEDIUM AND PLACE OF PAYMENT.

15 6. THE TERMS OF REDEMPTION, WHICH MAY PROVIDE FOR A PREMIUM FOR EARLY
16 REDEMPTION.

17 5-863. Issuance and sale of bonds; notice

18 A. THE BOARD SHALL ISSUE THE BONDS IN THE NUMBER AND AMOUNT PROVIDED
19 IN THE RESOLUTION.

20 B. THE BONDS MAY BE SOLD BY COMPETITIVE BID OR NEGOTIATED SALE FOR
21 PUBLIC OR PRIVATE OFFERING AT THE PRICE AND ON THE TERMS PRESCRIBED IN THE
22 RESOLUTION.

23 C. THE PROCEEDS FROM THE SALE OF THE BONDS SHALL BE DEPOSITED IN THE
24 BOND PROCEEDS SUBACCOUNT ESTABLISHED BY SECTION 5-864.

25 D. TITLE 35, CHAPTER 3, ARTICLE 7 APPLIES TO THE BOARD AND TO BONDS
26 ISSUED UNDER THIS ARTICLE.

27 5-864. Bond proceeds subaccount

28 A. IF THE AUTHORITY ISSUES BONDS UNDER THIS ARTICLE, THE BOARD SHALL
29 ESTABLISH A BOND PROCEEDS SUBACCOUNT WITHIN THE CONSTRUCTION ACCOUNT
30 ESTABLISHED BY SECTION 5-833 CONSISTING OF MONIES RECEIVED FROM THE SALE OF
31 THE BONDS.

32 B. THE AUTHORITY MAY USE MONIES IN THE BOND PROCEEDS SUBACCOUNT ONLY
33 FOR MULTIPURPOSE FACILITY PURPOSES IN THE MANNER PRESCRIBED BY THIS CHAPTER.

34 C. THE TREASURER OR FISCAL AGENT OF THE AUTHORITY SHALL ADMINISTER AND
35 ACCOUNT FOR THE BOND PROCEEDS SUBACCOUNT.

36 5-865. Debt service account

37 A. IF THE AUTHORITY ISSUES BONDS UNDER THIS ARTICLE THE BOARD SHALL
38 ESTABLISH A DEBT SERVICE ACCOUNT CONSISTING OF MONIES DESIGNATED AND
39 DEDICATED BY THE BOARD FOR REPAYMENT OF THE BONDS AND PAYMENT OF COSTS AND
40 RELATED EXPENSES ASSOCIATED WITH REDEEMING THE BONDS.

41 B. MONIES IN THE DEBT SERVICE ACCOUNT MAY BE USED ONLY FOR THE
42 PURPOSES AUTHORIZED BY THIS ARTICLE.

43 C. THE TREASURER OR FISCAL AGENT OF THE AUTHORITY SHALL ADMINISTER AND
44 ACCOUNT FOR THE DEBT SERVICE ACCOUNT.

45 5-866. Securing principal and interest

1 IN CONNECTION WITH ISSUING BONDS AUTHORIZED BY THIS ARTICLE AND TO
2 SECURE THE PRINCIPAL AND INTEREST ON THE BONDS, THE BOARD BY RESOLUTION MAY:

3 1. PLEDGE FOR THE PAYMENT OF PRINCIPAL AND INTEREST ON THE BONDS ALL
4 OR PART OF THE REVENUES AND OTHER MONIES RECEIVED BY THE AUTHORITY AND
5 DEPOSITED IN THE GENERAL FUND OR ANY ACCOUNT OR SUBACCOUNT OF THE AUTHORITY.

6 2. PLEDGE AND ASSIGN TO OR IN TRUST FOR THE BENEFIT OF THE HOLDER OR
7 HOLDERS OF THE BONDS ALL OR PART OF THE MONIES IN THE DEBT SERVICE ACCOUNT OR
8 ANY OTHER ACCOUNT OR SUBACCOUNT AS NECESSARY TO SECURE AND PAY THE PRINCIPAL,
9 THE INTEREST AND ANY PREMIUM ON THE BONDS AS THEY COME DUE.

10 3. SEGREGATE THE DEBT SERVICE ACCOUNT INTO ONE OR MORE SUBACCOUNTS AND
11 PROVIDE THAT BONDS ISSUED UNDER THIS ARTICLE MAY BE SECURED BY A LIEN ON ALL
12 OR PART OF THE MONIES PAID INTO THE DEBT SERVICE ACCOUNT OR INTO ANY
13 SUBACCOUNT IN THE DEBT SERVICE ACCOUNT.

14 4. ESTABLISH PRIORITIES AMONG BONDHOLDERS BASED ON CRITERIA ADOPTED BY
15 THE BOARD.

16 5. SET ASIDE, REGULATE AND DISPOSE OF RESERVES AND SINKING ACCOUNTS.

17 6. PRESCRIBE THE PROCEDURE, IF ANY, BY WHICH THE TERMS OF ANY CONTRACT
18 WITH BONDHOLDERS MAY BE AMENDED OR ABROGATED, THE AMOUNT OF BONDS THE HOLDERS
19 OF WHICH MUST CONSENT TO AND THE MANNER IN WHICH THE CONSENT MAY BE GIVEN.

20 7. PROVIDE FOR PAYMENT OF BOND RELATED EXPENSES FROM THE PROCEEDS OF
21 THE SALE OF THE BONDS OR OTHER REVENUES AVAILABLE TO THE BOARD.

22 8. PROVIDE FOR THE SERVICES OF TRUSTEES, CO-TRUSTEES, AGENTS,
23 CONSULTANTS AND OTHER SPECIALIZED SERVICES WITH RESPECT TO THE BONDS.

24 9. CONTRACT WITH A FINANCIAL INSTITUTION, INSURANCE COMPANY OR
25 INDEMNITY COMPANY TO PROVIDE ADDITIONAL SECURITY FOR THE BONDS IN THE FORM OF
26 A LINE OF CREDIT, LETTER OF CREDIT, INSURANCE POLICY OR OTHER SECURITY AND
27 PAY THE COSTS OF THIS ADDITIONAL SECURITY FROM AMOUNTS PROVIDED IN THE BOND
28 ISSUE OR FROM OTHER AVAILABLE SOURCES.

29 10. TAKE ANY OTHER ACTION THAT IN ANY WAY MAY AFFECT THE SECURITY AND
30 PROTECTION OF THE BONDS OR INTEREST ON THE BONDS.

31 5-867. Lien of pledge

32 A. ANY PLEDGE MADE UNDER THIS ARTICLE IS VALID AND BINDING FROM THE
33 TIME WHEN THE PLEDGE IS MADE.

34 B. THE MONIES PLEDGED TO THE HOLDERS OF THE BONDS AND RECEIVED BY THE
35 AUTHORITY FOR PLACEMENT IN THE DEBT SERVICE ACCOUNT ARE IMMEDIATELY SUBJECT
36 TO THE LIEN OF THE PLEDGE WITHOUT ANY FURTHER ACT. ANY LIEN OF ANY PLEDGE IS
37 VALID AND BINDING AGAINST ALL PARTIES WHO HAVE CLAIMS OF ANY KIND AGAINST THE
38 AUTHORITY, REGARDLESS OF WHETHER THE PARTIES HAVE NOTICE OF THE LIEN. THE
39 OFFICIAL RESOLUTION OR ANY INSTRUMENT BY WHICH THIS PLEDGE IS CREATED, WHEN
40 ADOPTED BY THE BOARD, IS NOTICE TO ALL CONCERNED OF THE CREATION OF THE
41 PLEDGE, AND THOSE INSTRUMENTS NEED NOT BE RECORDED IN ANY OTHER PLACE TO
42 PERFECT THE PLEDGE.

43 5-868. Bond purchase; cancellation

44 THE BOARD MAY PURCHASE BONDS FOR CANCELLATION, USING ANY AVAILABLE
45 MONIES, AT A PRICE NOT EXCEEDING THE FOLLOWING:

1 1. IF THE BONDS ARE REDEEMABLE AT THE TIME OF PURCHASE, THE APPLICABLE
2 REDEMPTION PRICE PLUS ACCRUED INTEREST TO THE NEXT INTEREST PAYMENT DATE.

3 2. IF THE BONDS ARE NOT REDEEMABLE AT THE TIME OF PURCHASE, THE
4 APPLICABLE REDEMPTION PRICE ON THE FIRST DATE AFTER PURCHASE ON WHICH THE
5 BONDS BECOME SUBJECT TO REDEMPTION PLUS ACCRUED INTEREST TO THAT DATE.

6 5-869. Payment of bonds

7 A. THE BONDS SHALL BE PAID SOLELY FROM MONIES IN THE DEBT SERVICE
8 ACCOUNT.

9 B. NEITHER THE MEMBERS OF THE BOARD NOR ANY PERSON EXECUTING THE BONDS
10 IS PERSONALLY LIABLE FOR THE PAYMENT OF THE BONDS.

11 C. THE TREASURER OR FISCAL AGENT OF THE AUTHORITY SHALL CANCEL ALL
12 BONDS WHEN PAID.

13 5-870. Use of surplus monies

14 A. IF A BALANCE REMAINS IN THE BOND PROCEEDS SUBACCOUNT AFTER ALL
15 ACQUISITION, CONSTRUCTION AND RELATED COSTS HAVE BEEN PAID:

16 1. THE BOARD SHALL CREDIT THE BALANCE TO REPAY ANY OTHER OUTSTANDING
17 INDEBTEDNESS OF THE AUTHORITY.

18 2. IF THE AUTHORITY HAS NO OUTSTANDING INDEBTEDNESS, THE BOARD SHALL
19 CREDIT THE REMAINING BALANCE TO THE AUTHORITY'S OPERATING ACCOUNT ESTABLISHED
20 BY SECTION 5-836.

21 B. IF A BALANCE REMAINS IN THE DEBT SERVICE ACCOUNT AFTER PAYMENT OF
22 ALL BONDS, INTEREST AND OTHER CHARGES RELATED TO BONDS ISSUED UNDER THIS
23 ARTICLE, THE BOARD SHALL CREDIT THE BALANCE TO THE AUTHORITY'S OPERATING
24 ACCOUNT ESTABLISHED BY SECTION 5-836.

25 5-871. Investment of monies in the bond proceeds subaccount

26 A. THE BOARD MAY AUTHORIZE THE TREASURER OR FISCAL AGENT OF THE
27 AUTHORITY TO INVEST MONIES IN THE BOND PROCEEDS SUBACCOUNT IN THE MANNER
28 PRESCRIBED BY SECTION 5-873.

29 B. THE ORDER DIRECTING AN INVESTMENT SHALL STATE A DATE ON WHICH THE
30 PROCEEDS FROM THE SALE OF THE BONDS WILL BE NEEDED FOR USE, AND THE TREASURER
31 OR FISCAL AGENT SHALL MAKE THE INVESTMENT IN SUCH A WAY AS TO MATURE ON OR
32 BEFORE THE SPECIFIED DATE.

33 C. ALL MONIES EARNED AS INTEREST OR OTHERWISE DERIVED FROM THE
34 INVESTMENT OF THE MONIES IN THE BOND PROCEEDS SUBACCOUNT SHALL BE CREDITED TO
35 THAT SUBACCOUNT.

36 5-872. Investment of monies in debt service account

37 A. THE BOARD MAY AUTHORIZE THE TREASURER OR FISCAL AGENT OF THE
38 AUTHORITY TO INVEST AND REINVEST ANY MONIES IN THE DEBT SERVICE ACCOUNT AS
39 PROVIDED BY SECTION 5-873.

40 B. THE ORDER DIRECTING AN INVESTMENT SHALL STATE A DATE ON WHICH THE
41 MONIES AND OTHER RESOURCES IN THE DEBT SERVICE ACCOUNT WILL BE NEEDED FOR
42 USE, AND THE TREASURER OR FISCAL AGENT SHALL MAKE THE INVESTMENT IN SUCH A
43 WAY AS TO MATURE ON OR BEFORE THE SPECIFIED DATE.

1 C. ALL MONIES EARNED AS INTEREST OR OTHERWISE DERIVED FROM THE
2 INVESTMENT OF THE MONIES IN THE DEBT SERVICE ACCOUNT SHALL BE CREDITED TO
3 THAT ACCOUNT.

4 5-873. Authorized investments of monies

5 A. THE MONIES IN EITHER THE BOND PROCEEDS SUBACCOUNT OR THE DEBT
6 SERVICE ACCOUNT MAY BE INVESTED AND REINVESTED AT THE DIRECTION OF THE BOARD
7 IN ANY OF THE FOLLOWING:

8 1. UNITED STATES TREASURY OBLIGATIONS.

9 2. CONSOLIDATED FARM LOAN BONDS.

10 3. OBLIGATIONS ISSUED BY THE FEDERAL INTERMEDIATE CREDIT BANKS OR BY
11 BONDS FOR COOPERATIVES ON AUTHORITY OF THE FARM CREDIT ACT OF 1933.

12 4. ANY OTHER OBLIGATIONS GUARANTEED BY THE UNITED STATES GOVERNMENT.

13 5. ANY INVESTMENTS THAT ARE AUTHORIZED BY ANY OTHER AGENCIES OF THE
14 UNITED STATES GOVERNMENT AND THAT ARE AUTHORIZED TO SECURE PUBLIC DEPOSITS.

15 6. STATE AND LOCAL GOVERNMENT SERIES UNITED STATES TREASURY
16 SECURITIES.

17 7. STATE, COUNTY OR MUNICIPAL BONDS ISSUED IN THIS STATE AND ON WHICH
18 THE PAYMENTS OF INTEREST HAVE NOT BEEN DEFERRED.

19 8. INVESTMENT AGREEMENTS AND REPURCHASE AGREEMENTS COLLATERALIZED BY
20 INVESTMENTS DESCRIBED IN PARAGRAPHS 1 THROUGH 5.

21 B. THE PURCHASE OF THE SECURITIES SHALL BE MADE BY THE TREASURER OR
22 FISCAL AGENT ON AUTHORITY OF A RESOLUTION OF THE BOARD. THE TREASURER OR
23 FISCAL AGENT SHALL ACT AS CUSTODIAN OF ALL SECURITIES PURCHASED.

24 C. THE BOARD MAY PLACE ANY RESTRICTIONS ON REINVESTMENT YIELD ON BOND
25 PROCEEDS OR ON ANY MONIES PLEDGED TO PAY THE BONDS IF NECESSARY TO COMPLY
26 WITH FEDERAL INCOME TAX LAWS AND REGULATIONS TO GAIN ANY FEDERAL TAX BENEFITS
27 AVAILABLE WITH RESPECT TO THE BONDS.

28 5-874. Deposit and disbursement of monies

29 A. MONIES DERIVED FROM SELLING BONDS UNDER THIS ARTICLE OR PLEDGED OR
30 ASSIGNED TO OR IN TRUST FOR THE BENEFIT OF THE HOLDER OR HOLDERS OF THE BONDS
31 SHALL BE DEPOSITED BY THE TREASURER OR FISCAL AGENT IN FINANCIAL INSTITUTIONS
32 THAT THE BOARD DESIGNATES AND THAT ARE INSURED BY AN AGENCY OR
33 INSTRUMENTALITY OF THE UNITED STATES. THE MONIES SHALL BE DISBURSED AS THE
34 BOARD DIRECTS AND ACCORDING TO THE TERMS OF ANY AGREEMENTS WITH THE HOLDER OR
35 HOLDERS OF THE BONDS.

36 B. THIS SECTION SHALL NOT BE CONSTRUED AS LIMITING THE POWER OF THE
37 BOARD TO AGREE IN CONNECTION WITH THE ISSUANCE OF ANY OF ITS BONDS AS TO THE
38 CUSTODY AND DISPOSITION OF THE MONIES RECEIVED FROM SELLING BONDS OR FROM THE
39 INCOME AND REVENUES PLEDGED OR ASSIGNED TO OR IN TRUST FOR THE BENEFIT OF THE
40 HOLDER OR HOLDERS OF THE BONDS.

41 5-875. Characteristics of bonds; negotiable; obligation; legal
42 investments; exemption from taxation

43 A. BONDS ISSUED UNDER THIS ARTICLE ARE FULLY NEGOTIABLE WITHIN THE
44 MEANING AND FOR ALL PURPOSES OF THE UNIFORM COMMERCIAL CODE, SUBJECT ONLY TO
45 ANY PROVISIONS FOR REGISTRATION, REGARDLESS OF WHETHER THE BONDS ACTUALLY

1 CONSTITUTE NEGOTIABLE INSTRUMENTS UNDER THE UNIFORM COMMERCIAL CODE.

2 B. THE BONDS, THEIR TRANSFER AND THE INCOME FROM THE BONDS ARE AT ALL
3 TIMES FREE FROM TAXATION IN THIS STATE.

4 C. BONDS ISSUED UNDER THIS ARTICLE:

5 1. ARE OBLIGATIONS OF THE AUTHORITY. THE MEMBERS OF THE BOARD AND
6 PERSONS WHO EXECUTE THE BONDS ARE NOT PERSONALLY LIABLE FOR PAYMENT OF THE
7 BONDS.

8 2. ARE PAYABLE ONLY ACCORDING TO THEIR TERMS.

9 3. ARE OBLIGATIONS OF THE AUTHORITY AND ARE NOT GENERAL, SPECIAL OR
10 OTHER OBLIGATIONS OF THIS STATE.

11 4. DO NOT CONSTITUTE A DEBT OF THIS STATE.

12 5. ARE NOT ENFORCEABLE AGAINST THIS STATE NOR IS PAYMENT OF THE BONDS
13 ENFORCEABLE OUT OF ANY MONIES OTHER THAN THE REVENUE PLEDGED AND ASSIGNED TO,
14 OR IN TRUST FOR THE BENEFIT OF, THE HOLDER OR HOLDERS OF THE BONDS.

15 6. ARE SECURITIES IN WHICH PUBLIC OFFICERS AND BODIES OF THIS STATE
16 AND OF MUNICIPALITIES AND POLITICAL SUBDIVISIONS OF THIS STATE, ALL
17 COMPANIES, ASSOCIATIONS AND OTHER PERSONS CARRYING ON AN INSURANCE BUSINESS,
18 ALL FINANCIAL INSTITUTIONS, INVESTMENT COMPANIES AND OTHER PERSONS CARRYING
19 ON A BANKING BUSINESS, ALL FIDUCIARIES AND ALL OTHER PERSONS WHO ARE
20 AUTHORIZED TO INVEST IN GOVERNMENT OBLIGATIONS MAY PROPERLY AND LEGALLY
21 INVEST.

22 7. ARE SECURITIES THAT MAY BE DEPOSITED WITH PUBLIC OFFICERS OR BODIES
23 OF THIS STATE AND MUNICIPALITIES AND POLITICAL SUBDIVISIONS OF THIS STATE FOR
24 PURPOSES THAT REQUIRE THE DEPOSIT OF GOVERNMENT BONDS OR OBLIGATIONS.

25 5-876. Effect of changing circumstances on bonds; agreement of
26 state

27 A. BONDS ISSUED UNDER THIS ARTICLE REMAIN VALID AND BINDING
28 OBLIGATIONS OF THE AUTHORITY NOTWITHSTANDING THAT BEFORE THE DELIVERY OF THE
29 BONDS ANY OF THE PERSONS WHOSE SIGNATURES APPEAR ON THE BONDS CEASE TO BE
30 OFFICERS OF THE AUTHORITY.

31 B. AN AMENDMENT OF ANY PROVISION IN THIS CHAPTER DOES NOT DIMINISH OR
32 IMPAIR THE VALIDITY OF BONDS ISSUED UNDER THIS ARTICLE OR THE REMEDIES AND
33 RIGHTS OF BONDHOLDERS.

34 C. THIS STATE PLEDGES TO AND AGREES WITH THE HOLDERS OF THE BONDS
35 AUTHORIZED BY THIS ARTICLE THAT THIS STATE WILL NOT LIMIT, ALTER OR IMPAIR
36 THE RIGHTS VESTED IN THE AUTHORITY TO RECEIVE THE MONIES NECESSARY TO FULFILL
37 THE TERMS OF ANY AGREEMENTS MADE WITH THE HOLDERS OF THE BONDS, OR IN ANY WAY
38 IMPAIR THE RIGHTS AND REMEDIES OF THE BONDHOLDERS, UNTIL ALL BONDS ISSUED
39 UNDER THIS ARTICLE, TOGETHER WITH INTEREST ON THE BONDS, INTEREST ON ANY
40 UNPAID INSTALLMENTS OF PRINCIPAL OR INTEREST AND ALL COSTS AND EXPENSES IN
41 CONNECTION WITH ANY ACTION OR PROCEEDINGS BY OR ON BEHALF OF THE BONDHOLDERS,
42 ARE FULLY MET AND DISCHARGED. THE BOARD, AS AGENT FOR THIS STATE, MAY INCLUDE
43 THIS PLEDGE AND UNDERTAKING IN ITS RESOLUTIONS AND INDENTURES AUTHORIZING AND
44 SECURING ITS BONDS.

45 5-877. Validity of bonds; legal opinion

1 A. THIS ARTICLE CONSTITUTES FULL AUTHORITY FOR AUTHORIZING AND ISSUING
2 BONDS WITHOUT REFERENCE TO ANY OTHER LAW OF THIS STATE. NO OTHER LAW WITH
3 REGARD TO AUTHORIZING OR ISSUING OBLIGATIONS OR THAT IN ANY WAY IMPEDES OR
4 RESTRICTS PERFORMING THE ACTS AUTHORIZED BY THIS ARTICLE MAY BE CONSTRUED TO
5 APPLY TO ANY PROCEEDINGS TAKEN OR ACTS DONE PURSUANT TO THIS ARTICLE.

6 B. THE VALIDITY OF BONDS ISSUED UNDER THIS ARTICLE DOES NOT DEPEND ON
7 AND IS NOT AFFECTED BY THE LEGALITY OF ANY PROCEEDING RELATING TO THE
8 ACQUISITION, CONSTRUCTION, IMPROVEMENT, OPERATION OR MAINTENANCE OF A
9 MULTIPURPOSE FACILITY FOR WHICH THE BONDS ARE ISSUED.

10 C. THE BOARD MAY SUBMIT ANY BONDS TO BE ISSUED UNDER THIS ARTICLE TO
11 THE ATTORNEY GENERAL AFTER ALL PROCEEDINGS FOR AUTHORIZING THE BONDS HAVE
12 BEEN COMPLETED. ON SUBMISSION THE ATTORNEY GENERAL SHALL EXAMINE AND PASS ON
13 THE VALIDITY OF THE BONDS AND THE REGULARITY OF THE PROCEEDINGS. IF THE
14 PROCEEDINGS COMPLY WITH THIS ARTICLE, AND IF THE BONDS WHEN DELIVERED AND
15 PAID FOR WILL CONSTITUTE BINDING AND LEGAL OBLIGATIONS OF THE AUTHORITY, THE
16 ATTORNEY GENERAL SHALL CERTIFY ON THE BACK OF EACH BOND, IN SUBSTANCE, THAT
17 IT IS ISSUED ACCORDING TO THE CONSTITUTION AND LAWS OF THIS STATE AND THAT
18 THE INTEREST ON THE BONDS WILL BE EXEMPT FROM STATE TAXES AS PROVIDED BY LAW.

19 D. THE BONDS SHALL RECITE THAT THEY ARE REGULARLY ISSUED PURSUANT TO
20 THIS ARTICLE. THAT RECITAL, TOGETHER WITH THE LEGAL OPINION UNDER SUBSECTION
21 C, CONSTITUTES PRIMA FACIE EVIDENCE OF THE LEGALITY AND VALIDITY OF THE
22 BONDS. FROM AND AFTER THE SALE AND DELIVERY OF THE BONDS, THEY ARE
23 INCONTESTABLE BY THIS STATE OR THE AUTHORITY.

24 Sec. 2. Section 41-2306, Arizona Revised Statutes, is amended to read:

25 41-2306. Tourism fund

26 A. The tourism fund is established consisting of:

- 27 1. Monies appropriated by the legislature for that purpose. ~~and~~
28 2. Revenues deposited pursuant to section 42-5029, subsection D,
29 paragraph 4, subdivision (c).

30 3. REVENUES DEPOSITED PURSUANT TO SECTION 5-835, SUBSECTION B OR C,
31 WHICH SHALL BE SEPARATELY ACCOUNTED FOR AND, IN CONSULTATION WITH A
32 CONSORTIUM OF DESTINATION MARKETING ORGANIZATIONS IN THE COUNTY IN WHICH THE
33 TOURISM AND SPORTS AUTHORITY IS ESTABLISHED, SPENT ONLY TO PROMOTE TOURISM
34 WITHIN THAT COUNTY.

35 B. Monies in the fund are exempt from section 35-190 relating to
36 lapsing of appropriations.

37 ~~B-~~ C. Monies in the fund are appropriated to the office of tourism,
38 in addition to its regular annual budget appropriation, to promote tourism in
39 this state.

40 Sec. 3. Section 41-2306, Arizona Revised Statutes, as amended by
41 section 2 of this act, is amended to read:

42 41-2306. Tourism fund

43 A. The tourism fund is established consisting of SEPARATE ACCOUNTS
44 DERIVED FROM:

- 45 ~~1. Monies appropriated by the legislature for that purpose.~~

1 ~~2. Revenues deposited pursuant to section 42-5029, subsection D,~~
2 ~~paragraph 4, subdivision (c).~~

3 1. REVENUES DEPOSITED PURSUANT TO SECTION 42-5029, SUBSECTION D,
4 PARAGRAPH 4, SUBDIVISION (f). THE LEGISLATURE SHALL APPROPRIATE ALL MONIES
5 IN THIS ACCOUNT TO THE OFFICE OF TOURISM FOR THE PURPOSES OF OPERATIONS AND
6 STATEWIDE TOURISM PROMOTION.

7 ~~3. 2. Revenues deposited pursuant to section 5-835, subsection B or~~
8 ~~C, which shall be separately accounted for. THE LEGISLATURE SHALL~~
9 ~~APPROPRIATE ALL MONIES IN THIS ACCOUNT TO THE OFFICE OF TOURISM and WHICH, in~~
10 ~~consultation with a consortium of destination marketing organizations in the~~
11 ~~county in which the tourism and sports authority is established, SHALL BE~~
12 ~~spent only to promote tourism within that county AND SHALL NOT BE SPENT FOR~~
13 ~~ADMINISTRATIVE OR OVERHEAD EXPENSES.~~

14 B. Monies in the fund are exempt from section 35-190 relating to
15 lapsing of appropriations.

16 ~~C. Monies in the fund are appropriated to the office of tourism, in~~
17 ~~addition to its regular annual budget appropriation, to promote tourism in~~
18 ~~this state.~~

19 Sec. 4. Section 42-1116, Arizona Revised Statutes, is amended to read:
20 42-1116. Disposition of tax revenues

21 A. The department shall promptly transmit to the state treasurer all
22 monies it collects from the taxes administered pursuant to this article
23 except the telecommunication services excise tax, separately accounting for
24 each type of tax and each tax classification within each type of tax. At the
25 same time the department of revenue shall also furnish copies of the
26 transmittal schedules to the director of the department of administration.

27 B. EXCEPT AS PROVIDED BY SUBSECTION C OF THIS SECTION, the state
28 treasurer shall deposit all monies and remittances received under this
29 section in the state treasury to the credit of the following specific funds
30 and accounts:

31 1. Amounts sufficient to meet the requirements for tax refunds to the
32 tax refund account established in section 42-1117.

33 2. Amounts sufficient to meet the requirements of urban revenue
34 sharing to the urban revenue sharing fund established in section 43-206.

35 3. Amounts collected pursuant to chapter 5, articles 1, 5 and 9 of
36 this title and section 42-5352, subsection A, to the transaction privilege
37 and severance tax clearing account established in section 42-5029.

38 4. Through June 30, 2000 amounts sufficient to meet the requirements
39 of section 42-3104 to the corrections fund.

40 5. Amounts sufficient to meet the requirements of section 49-282,
41 subsection B relating to the water quality assurance revolving fund.

42 6. All remaining monies to the state general fund.

43 C. FROM THE MONIES AND REMITTANCES RECEIVED UNDER THIS SECTION, EACH
44 MONTH BEGINNING JULY, 2001 THE STATE TREASURER SHALL TRANSMIT TO THE TOURISM
45 AND SPORTS AUTHORITY, ESTABLISHED BY TITLE 5, CHAPTER 8, FOR DEPOSIT IN ITS

1 FACILITY REVENUE CLEARING ACCOUNT ESTABLISHED BY SECTION 5-834, THE GREATER
2 OF:

3 1. ONE-TWELFTH OF THE AMOUNT REPORTED BY THE DEPARTMENT PURSUANT TO
4 SECTION 43-209.

5 2. TWO HUNDRED NINETY-TWO THOUSAND DOLLARS PER MONTH FOR THE FIRST
6 TWELVE MONTH PERIOD, INCREASED IN EACH SUBSEQUENT TWELVE MONTH PERIOD BY AN
7 ADDITIONAL EIGHT PER CENT OVER THE PRIOR TWELVE MONTHS' DISTRIBUTION.

8 Sec. 5. Section 42-5029, Arizona Revised Statutes, is amended to read:
9 42-5029. Remission and distribution of monies

10 A. The department shall transmit all revenues collected under this
11 article and articles 4, 5, 8 and 9 of this chapter to the state treasurer
12 pursuant to section 42-1116, separately accounting for:

13 1. Payments of estimated tax under section 42-5014, subsection D.

14 2. Revenues collected pursuant to section 42-5070.

15 3. Revenues collected under this article and article 5 of this chapter
16 from and after June 30, 2000 from sources located on Indian reservations in
17 this state.

18 B. The state treasurer shall credit payments of estimated tax to an
19 estimated tax clearing account and each month shall transfer all monies in
20 the estimated tax clearing account to a fund designated as the transaction
21 privilege and severance tax clearing account on notification by the
22 department of the allocation of monies. The state treasurer shall credit all
23 other payments to the transaction privilege and severance tax clearing
24 account, separately accounting for the monies designated as distribution base
25 under sections 42-5010, 42-5164, 42-5205, 42-5353 and 42-5409. Each month
26 the department shall report to the state treasurer the amount of monies
27 collected pursuant to this article and articles 4, 5, 8 and 9 of this
28 chapter.

29 C. Each month the state treasurer shall distribute the monies
30 deposited in the transaction privilege and severance tax clearing account in
31 the manner prescribed by this section and by sections 42-5164, 42-5205,
32 42-5353 and 42-5409, after deducting warrants drawn against the account
33 pursuant to sections 42-1118 and 42-1254.

34 D. Of the monies designated as distribution base the state treasurer
35 shall:

36 1. Pay twenty-five per cent to the various incorporated municipalities
37 in this state in proportion to their population as shown by the last United
38 States decennial or special census, or revisions to the decennial or special
39 census certified by the United States bureau of the census, to be used by the
40 municipalities for any municipal purpose.

41 2. Pay 38.08 per cent to the counties in this state by averaging the
42 following proportions:

43 (a) The proportion that the population of each county bears to the
44 total state population, as shown by the most recent United States decennial

1 or special census, or revisions to the decennial or special census certified
2 by the United States bureau of the census.

3 (b) The proportion that the distribution base monies collected during
4 the calendar month in each county under this article, section 42-5164,
5 subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409
6 bear to the total distribution base monies collected under this article,
7 section 42-5164, subsection B, section 42-5205, subsection B and sections
8 42-5353 and 42-5409 throughout the state for the calendar month.

9 3. Pay an additional 2.43 per cent to the counties in this state as
10 follows:

11 (a) Average the following proportions:

12 (i) The proportion that the assessed valuation used to determine
13 secondary property taxes of each county, after deducting that part of the
14 assessed valuation that is exempt from taxation at the beginning of the month
15 for which the amount is to be paid, bears to the total assessed valuations
16 used to determine secondary property taxes of all the counties after
17 deducting that portion of the assessed valuations that is exempt from
18 taxation at the beginning of the month for which the amount is to be paid.
19 Property of a city or town that is not within or contiguous to the municipal
20 corporate boundaries and from which water is or may be withdrawn or diverted
21 and transported for use on other property is considered to be taxable
22 property in the county for purposes of determining assessed valuation in the
23 county under this item.

24 (ii) The proportion that the distribution base monies collected during
25 the calendar month in each county under this article, section 42-5164,
26 subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409
27 bear to the total distribution base monies collected under this article,
28 section 42-5164, subsection B, section 42-5205, subsection B and sections
29 42-5353 and 42-5409 throughout the state for the calendar month.

30 (b) If the proportion computed under subdivision (a) of this paragraph
31 for any county is greater than the proportion computed under paragraph 2 of
32 this subsection, the state treasurer shall compute the difference between the
33 amount distributed to that county under paragraph 2 of this subsection and
34 the amount that would have been distributed under paragraph 2 of this
35 subsection using the proportion computed under subdivision (a) of this
36 paragraph and shall pay that difference to the county from the amount
37 available for distribution under this paragraph. Any monies remaining after
38 all payments under this subdivision shall be distributed among the counties
39 according to the proportions computed under paragraph 2 of this subsection.

40 4. After any distributions required by sections 42-5030, 42-5030.01,
41 42-5031, ~~and~~ 42-5032 **AND 42-5032.01**, and after making any transfer to the
42 water quality assurance revolving fund as required by section 49-282,
43 subsection B, credit the remainder of the monies designated as distribution
44 base to the state general fund. From this amount the legislature shall
45 annually appropriate to:

1 (a) The department of revenue sufficient monies to administer and
2 enforce this article and articles 5, 8 and 9 of this chapter.

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

5 (c) The tourism fund, THROUGH JUNE 30, 2001, an amount equal to the
6 sum of the following:

7 (i) Two million dollars.

8 (ii) Seventy-five per cent of the amount by which revenues derived
9 from a one-half percentage rate portion of the total tax rate imposed on the
10 transient lodging classification for the current fiscal year exceed the
11 revenues derived from a one-half percentage rate portion of that tax in the
12 previous fiscal year.

13 (d) The Arizona arts endowment fund established by section 41-986, the
14 full amount by which revenues derived from the amusement classification
15 pursuant to section 42-5073 for the current fiscal year exceed the revenues
16 that were derived from that classification in fiscal year 1993-1994, except
17 that this amount shall not exceed two million dollars in any fiscal
18 year. This subdivision applies for fiscal years through June 30, 2007.

19 (e) The shooting range relocation and assistance fund established by
20 section 17-273, fifty thousand dollars derived from the taxes collected from
21 the retail classification pursuant to section 42-5061 for the current fiscal
22 year.

23 (f) THE TOURISM FUND, BEGINNING FROM AND AFTER JUNE 30, 2001 AN AMOUNT
24 EQUAL TO THE SUM OF THE FOLLOWING:

25 (i) THREE AND ONE-HALF PER CENT OF THE GROSS REVENUES DERIVED FROM
26 THE TRANSIENT LODGING CLASSIFICATION PURSUANT TO SECTION 42-5070 DURING THE
27 PRECEDING FISCAL YEAR.

28 (ii) THREE PER CENT OF THE GROSS REVENUES DERIVED FROM THE AMUSEMENT
29 CLASSIFICATION PURSUANT TO SECTION 42-5073 DURING THE PRECEDING FISCAL YEAR.

30 (iii) TWO PER CENT OF THE GROSS REVENUES DERIVED FROM THE RESTAURANT
31 CLASSIFICATION PURSUANT TO SECTION 42-5074 DURING THE PRECEDING FISCAL YEAR.

32 E. The state treasurer shall credit the remainder of the monies in the
33 transaction privilege and severance tax clearing account to the state general
34 fund, subject to any distribution required by section 42-5030.01.

35 F. Notwithstanding subsection D of this section, if a court of
36 competent jurisdiction finally determines that tax monies distributed under
37 this section were illegally collected under this article or articles 5, 8 and
38 9 of this chapter and orders the monies to be refunded to the taxpayer, the
39 department shall compute the amount of such monies that was distributed to
40 each city, town and county under this section. The department shall notify
41 the state treasurer of that amount plus the proportionate share of additional
42 allocated costs required to be paid to the taxpayer. Each city's, town's and
43 county's proportionate share of the costs shall be based on the amount of the
44 original tax payment each municipality and county received. Each month the
45 state treasurer shall reduce the amount otherwise distributable to the city,

1 town and county under this section by one thirty-sixth of the total amount to
2 be recovered from the city, town or county until the total amount has been
3 recovered, but the monthly reduction for any city, town or county shall not
4 exceed ten per cent of the full monthly distribution to that entity. The
5 reduction shall begin for the first calendar month after the final
6 disposition of the case and shall continue until the total amount, including
7 interest and costs, has been recovered.

8 G. On receiving a certificate of default from the greater Arizona
9 development authority pursuant to section 41-1554.06 or 41-1554.07 and to the
10 extent not otherwise expressly prohibited by law, the state treasurer shall
11 withhold from the next succeeding distribution of monies pursuant to this
12 section due to the defaulting political subdivision the amount specified in
13 the certificate of default and immediately deposit the amount withheld in the
14 greater Arizona development authority revolving fund. The state treasurer
15 shall continue to withhold and deposit the monies until the greater Arizona
16 development authority certifies to the state treasurer that the default has
17 been cured. In no event may the state treasurer withhold any amount that the
18 defaulting political subdivision certifies to the state treasurer and the
19 authority as being necessary to make any required deposits then due for the
20 payment of principal and interest on bonds of the political subdivision that
21 were issued before the date of the loan repayment agreement or bonds and that
22 have been secured by a pledge of distributions made pursuant to this section.

23 Sec. 6. Title 42, chapter 5, article 1, Arizona Revised Statutes, is
24 amended by adding section 42-5032.01, to read:

25 42-5032.01. Distribution of revenues for tourism and sports
26 authority

27 A. EACH MONTH THE STATE TREASURER SHALL PAY, FROM THE AMOUNT
28 DESIGNATED AS DISTRIBUTION BASE PURSUANT TO SECTION 42-5029, SUBSECTION D,
29 THE AMOUNT DETERMINED UNDER SUBSECTION B OF THIS SECTION TO THE TOURISM AND
30 SPORTS AUTHORITY FOR DEPOSIT IN THE AUTHORITY'S FACILITY REVENUE CLEARING
31 ACCOUNT ESTABLISHED BY SECTION 5-834.

32 B. THE AMOUNT TO BE PAID UNDER SUBSECTION A OF THIS SECTION IS THE
33 TOTAL AMOUNT OF STATE TRANSACTION PRIVILEGE TAX REVENUES RECEIVED FROM
34 PERSONS CONDUCTING BUSINESS UNDER:

35 1. THE RETAIL, AMUSEMENT AND RESTAURANT CLASSIFICATIONS AT, OR WITH
36 RESPECT TO EVENTS HELD AT, A MULTIPURPOSE FACILITY THAT IS OWNED OR OPERATED
37 BY THE AUTHORITY PURSUANT TO TITLE 5, CHAPTER 8.

38 2. THE RETAIL, AMUSEMENT AND RESTAURANT CLASSIFICATIONS AT, OR WITH
39 RESPECT TO, PROFESSIONAL FOOTBALL CONTESTS THAT ARE HELD BEGINNING JULY, 2001
40 IN A STADIUM LOCATED ON THE CAMPUS OF AN INSTITUTION UNDER THE JURISDICTION
41 OF THE ARIZONA BOARD OF REGENTS.

42 C. EACH MONTH THE STATE TREASURER SHALL PAY, FROM THE AMOUNT DESIGNATED
43 AS DISTRIBUTION BASE PURSUANT TO SECTION 42-5029, SUBSECTION D, THE TOTAL
44 AMOUNT OF STATE TRANSACTION PRIVILEGE TAX REVENUES RECEIVED FROM PERSONS
45 CONDUCTING BUSINESS UNDER THE PRIME CONTRACTING CLASSIFICATION AT A

1 MULTIPURPOSE FACILITY THAT IS OWNED OR OPERATED BY THE TOURISM AND SPORTS
2 AUTHORITY PURSUANT TO TITLE 5, CHAPTER 8 FOR DEPOSIT IN THE AUTHORITY'S
3 CONSTRUCTION ACCOUNT ESTABLISHED BY SECTION 5-833.

4 D. THE DEPARTMENT SHALL REPORT THE AMOUNTS UNDER SUBSECTIONS B AND C
5 OF THIS SECTION TO THE STATE TREASURER ON OR BEFORE THE FIFTEENTH DAY OF EACH
6 MONTH FOR PAYMENT IN THE FOLLOWING MONTH.

7 Sec. 7. Section 42-5061, Arizona Revised Statutes, is amended to read:
8 42-5061. Retail classification; definitions

9 A. The retail classification is comprised of the business of selling
10 tangible personal property at retail. The tax base for the retail
11 classification is the gross proceeds of sales or gross income derived from
12 the business. The tax imposed on the retail classification does not apply to
13 the gross proceeds of sales or gross income from:

14 1. Professional or personal service occupations or businesses which
15 involve sales or transfers of tangible personal property only as
16 inconsequential elements.

17 2. Services rendered in addition to selling tangible personal property
18 at retail.

19 3. Sales of warranty or service contracts. The storage, use or
20 consumption of tangible personal property provided under the conditions of
21 such contracts is subject to tax under section 42-5156.

22 4. Sales of tangible personal property by any nonprofit organization
23 organized and operated exclusively for charitable purposes and recognized by
24 the United States internal revenue service under section 501(c)(3) of the
25 internal revenue code.

26 5. Sales to persons engaged in business classified under the
27 restaurant classification of articles used by human beings for food, drink or
28 condiment, whether simple, mixed or compounded.

29 6. Business activity which is properly included in any other business
30 classification which is taxable under article 1 of this chapter.

31 7. The sale of stocks and bonds.

32 8. Drugs and medical oxygen, including delivery hose, mask or tent,
33 regulator and tank, on the prescription of a member of the medical, dental or
34 veterinarian profession who is licensed by law to administer such substances.

35 9. Prosthetic appliances as defined in section 23-501 prescribed or
36 recommended by a health professional licensed pursuant to title 32, chapter
37 7, 8, 11, 13, 14, 15, 16, 17 or 29.

38 10. Insulin, insulin syringes and glucose test strips.

39 11. Prescription eyeglasses or contact lenses.

40 12. Hearing aids as defined in section 36-1901.

41 13. Durable medical equipment which has a federal health care financing
42 administration common procedure code, is designated reimbursable by medicare,
43 is prescribed by a person who is licensed under title 32, chapter 7, 8, 13,
44 14, 15, 17 or 29, can withstand repeated use, is primarily and customarily

1 used to serve a medical purpose, is generally not useful to a person in the
2 absence of illness or injury and is appropriate for use in the home.

3 14. Sales to nonresidents of this state for use outside this state if
4 the vendor ships or delivers the tangible personal property out of this
5 state.

6 15. Food, as provided in and subject to the conditions of article 3 of
7 this chapter and section 42-5074.

8 16. Items purchased with United States department of agriculture food
9 stamp coupons issued under the food stamp act of 1977 (P.L. 95-113; 91 Stat.
10 958) or food instruments issued under section 17 of the child nutrition act
11 (P.L. 95-627; 92 Stat. 3603; P.L. 99-661, section 4302; 42 United States Code
12 section 1786).

13 17. Textbooks by any bookstore that are required by any state
14 university or community college.

15 18. Food and drink to a person who is engaged in business which is
16 classified under the restaurant classification and which provides such food
17 and drink without monetary charge to its employees for their own consumption
18 on the premises during the employees' hours of employment.

19 19. Articles of food, drink or condiment and accessory tangible
20 personal property to a school district if such articles and accessory
21 tangible personal property are to be prepared and served to persons for
22 consumption on the premises of a public school within the district during
23 school hours.

24 20. Lottery tickets or shares pursuant to title 5, chapter 5,
25 article 1.

26 21. The sale of precious metal bullion and monetized bullion to the
27 ultimate consumer, but the sale of coins or other forms of money for
28 manufacture into jewelry or works of art is subject to the tax. In this
29 paragraph:

30 (a) "Monetized bullion" means coins and other forms of money which are
31 manufactured from gold, silver or other metals and which have been or are
32 used as a medium of exchange in this or another state, the United States or a
33 foreign nation.

34 (b) "Precious metal bullion" means precious metal, including gold,
35 silver, platinum, rhodium and palladium, which has been smelted or refined so
36 that its value depends on its contents and not on its form.

37 22. Motor vehicle fuel and use fuel which are subject to a tax imposed
38 under title 28, chapter 16, article 1 or 2, sales of use fuel to a holder of
39 a valid single trip use fuel tax permit issued under section 28-5739, sales
40 of aviation fuel which are subject to the tax imposed under section 28-8344
41 and sales of jet fuel which are subject to the tax imposed under article 8 of
42 this chapter.

43 23. Tangible personal property sold to a person engaged in the business
44 of leasing or renting such property under the personal property rental
45 classification if such property is to be leased or rented by such person.

1 24. Tangible personal property sold in interstate or foreign commerce
2 if prohibited from being so taxed by the Constitution of the United States or
3 the constitution of this state.

4 25. Tangible personal property sold to:

5 (a) A qualifying hospital as defined in section 42-5001.

6 (b) A qualifying health care organization as defined in
7 section 42-5001 if the tangible personal property is used by the
8 organization solely to provide health and medical related educational and
9 charitable services.

10 (c) A qualifying health care organization as defined in
11 section 42-5001 if the organization is dedicated to providing educational,
12 therapeutic, rehabilitative and family medical education training for blind,
13 visually impaired and multihandicapped children from the time of birth to age
14 twenty-one.

15 (d) A qualifying community health center as defined in section
16 42-5001.

17 (e) A nonprofit charitable organization that has qualified under
18 section 501(c)(3) of the internal revenue code and that regularly serves
19 meals to the needy and indigent on a continuing basis at no cost.

20 (f) For taxable periods beginning from and after June 30, 2001, a
21 nonprofit charitable organization that has qualified under section 501(c)(3)
22 of the internal revenue code and that provides residential apartment housing
23 for low income persons over sixty-two years of age in a facility that
24 qualifies for a federal housing subsidy, if the tangible personal property is
25 used by the organization solely to provide residential apartment housing for
26 low income persons over sixty-two years of age in a facility that qualifies
27 for a federal housing subsidy.

28 26. Magazines or other periodicals or other publications by this state
29 to encourage tourist travel.

30 27. Tangible personal property sold to a person that is subject to tax
31 under this article by reason of being engaged in business classified under
32 the prime contracting classification under section 42-5075, or to a
33 subcontractor working under the control of a prime contractor that is subject
34 to tax under article 1 of this chapter, if the property so sold is any of the
35 following:

36 (a) Incorporated or fabricated by the person into any real property,
37 structure, project, development or improvement as part of the business.

38 (b) Used in environmental response or remediation activities under
39 section 42-5075, subsection B, paragraph 6.

40 (c) Incorporated or fabricated by the person into any lake facility
41 development in a commercial enhancement reuse district under conditions
42 prescribed for the deduction allowed by section 42-5075, subsection B,
43 paragraph 8.

44 28. The sale of a motor vehicle to:

1 (a) A nonresident of this state if the purchaser's state of residence
2 does not allow a corresponding use tax exemption to the tax imposed by
3 article 1 of this chapter and if the nonresident has secured a special
4 thirty-day nonresident registration of the vehicle by applying according to
5 section 28-2154.

6 (b) An enrolled member of an Indian tribe who resides on the Indian
7 reservation established for that tribe.

8 29. Tangible personal property purchased or leased in this state by a
9 nonprofit charitable organization that has qualified under section 501(c)(3)
10 of the United States internal revenue code and that engages in and uses such
11 property exclusively for training, job placement or rehabilitation programs
12 or testing for mentally or physically handicapped persons.

13 30. Sales of tangible personal property by a nonprofit organization
14 that is exempt from taxation under section 501(c)(3), 501(c)(4) or 501(c)(6)
15 of the internal revenue code if the organization is associated with a major
16 league baseball team or a national touring professional golfing association
17 and no part of the organization's net earnings inures to the benefit of any
18 private shareholder or individual.

19 31. Sales of commodities, as defined by title 7 United States Code
20 section 2, that are consigned for resale in a warehouse in this state in or
21 from which the commodity is deliverable on a contract for future delivery
22 subject to the rules of a commodity market regulated by the United States
23 commodity futures trading commission.

24 32. Sales of tangible personal property by a nonprofit organization
25 that is exempt from taxation under section 501(c)(3), 501(c)(4), 501(c)(6),
26 501(c)(7) or 501(c)(8) of the internal revenue code if the organization
27 sponsors or operates a rodeo featuring primarily farm and ranch animals and
28 no part of the organization's net earnings inures to the benefit of any
29 private shareholder or individual.

30 33. Sales of new semitrailers, as defined in section 28-101,
31 manufactured in Arizona, or new parts manufactured in Arizona for
32 semitrailers sold by the manufacturer to a person who holds an interstate
33 commerce commission license for use in interstate commerce.

34 34. Sales of seeds, seedlings, roots, bulbs, cuttings and other
35 propagative material to persons who use those items to commercially produce
36 agricultural, horticultural, viticultural or floricultural crops in this
37 state.

38 35. Machinery, equipment, technology or related supplies that are only
39 useful to assist a person who is physically disabled as defined in section
40 46-191, has a developmental disability as defined in section 36-551 or has a
41 head injury as defined in section 41-3201 to be more independent and
42 functional.

43 36. Sales of tangible personal property that is shipped or delivered
44 directly to a destination outside the United States for use in that foreign
45 country.

1 37. Sales of natural gas or liquefied petroleum gas used to propel a
2 motor vehicle.

3 38. Paper machine clothing, such as forming fabrics and dryer felts,
4 sold to a paper manufacturer and directly used or consumed in paper
5 manufacturing.

6 39. Coal, petroleum, coke, natural gas, virgin fuel oil and electricity
7 sold to a qualified environmental technology manufacturer, producer or
8 processor as defined in section 41-1514.02 and directly used or consumed in
9 the generation or provision of on-site power or energy solely for
10 environmental technology manufacturing, producing or processing or
11 environmental protection. This paragraph shall apply for fifteen full
12 consecutive calendar or fiscal years from the date the first paper
13 manufacturing machine is placed in service. In the case of an environmental
14 technology manufacturer, producer or processor who does not manufacture
15 paper, the time period shall begin with the date the first manufacturing,
16 processing or production equipment is placed in service.

17 40. Sales of liquid, solid or gaseous chemicals used in manufacturing,
18 processing, fabricating, mining, refining, metallurgical operations, research
19 and development and, beginning on January 1, 1999, printing, if using or
20 consuming the chemicals, alone or as part of an integrated system of
21 chemicals, involves direct contact with the materials from which the product
22 is produced for the purpose of causing or permitting a chemical or physical
23 change to occur in the materials as part of the production process. This
24 paragraph does not include chemicals that are used or consumed in activities
25 such as packaging, storage or transportation but does not affect any
26 deduction for such chemicals that is otherwise provided by this section. For
27 purposes of this paragraph, "printing" means a commercial printing operation
28 and includes job printing, engraving, embossing, copying and bookbinding.

29 41. Through December 31, 1994, personal property liquidation
30 transactions, conducted by a personal property liquidator. From and after
31 December 31, 1994, personal property liquidation transactions shall be
32 taxable under this section provided that nothing in this subsection shall be
33 construed to authorize the taxation of casual activities or transactions
34 under this chapter. In this paragraph:

35 (a) "Personal property liquidation transaction" means a sale of
36 personal property made by a personal property liquidator acting solely on
37 behalf of the owner of the personal property sold at the dwelling of the
38 owner or upon the death of any owner, on behalf of the surviving spouse, if
39 any, any devisee or heir or the personal representative of the estate of the
40 deceased, if one has been appointed.

41 (b) "Personal property liquidator" means a person who is retained to
42 conduct a sale in a personal property liquidation transaction.

43 42. Sales of food, drink and condiment for consumption within the
44 premises of any prison, jail or other institution under the jurisdiction of

1 the state department of corrections, the department of public safety, the
2 department of juvenile corrections or a county sheriff.

3 43. A motor vehicle and any repair and replacement parts and tangible
4 personal property becoming a part of such motor vehicle sold to a motor
5 carrier who is subject to a fee prescribed in title 28, chapter 16, article 4
6 and who is engaged in the business of leasing or renting such property.

7 44. Livestock and poultry feed, salts, vitamins and other additives for
8 livestock or poultry consumption that are sold to persons who are engaged in
9 producing livestock, poultry, or livestock or poultry products or who are
10 engaged in feeding livestock or poultry commercially. For purposes of this
11 paragraph, "poultry" includes ratites.

12 45. Sales of implants used as growth promotants and injectable
13 medicines, not already exempt under paragraph 8 of this subsection, for
14 livestock or poultry owned by or in possession of persons who are engaged in
15 producing livestock, poultry, or livestock or poultry products or who are
16 engaged in feeding livestock or poultry commercially. For purposes of this
17 paragraph, "poultry" includes ratites.

18 46. Sales of motor vehicles at auction to nonresidents of this state
19 for use outside this state if the vehicles are shipped or delivered out of
20 this state, regardless of where title to the motor vehicles passes or its
21 free on board point.

22 47. Tangible personal property sold to a person engaged in business and
23 subject to tax under the transient lodging classification if the tangible
24 personal property is a personal hygiene item which is furnished to and
25 intended to be consumed by the transient during the transient's occupancy.

26 48. Sales of alternative fuel, as defined in section 1-215, to a used
27 oil fuel burner who has received a permit to burn used oil or used oil fuel
28 under section 49-426 or 49-480.

29 49. Sales of materials that are purchased by or for publicly funded
30 libraries including school district libraries, charter school libraries,
31 community college libraries, state university libraries or federal, state,
32 county or municipal libraries for use by the public as follows:

33 (a) Printed or photographic materials, beginning August 7, 1985.

34 (b) Electronic or digital media materials, beginning July 17, 1994.

35 50. Tangible personal property sold to a commercial airline and
36 consisting of food, beverages and condiments and accessories used for serving
37 the food and beverages, if those items are to be provided without additional
38 charge to passengers for consumption in flight. For purposes of this
39 paragraph, "commercial airline" means a person holding a federal certificate
40 of public convenience and necessity or foreign air carrier permit for air
41 transportation to transport persons, property or United States mail in
42 intrastate, interstate or foreign commerce.

43 51. Sales of new alternative fuel vehicles, as defined in section
44 43-1086, and equipment that is installed in a conventional motor vehicle to

1 convert the vehicle to operate on an alternative fuel, as defined in section
2 43-1086.

3 52. Sales of any spirituous, vinous or malt liquor by a person that is
4 licensed in this state as a wholesaler by the department of liquor licenses
5 and control pursuant to title 4, chapter 2, article 1.

6 53. Sales of tangible personal property to be incorporated or installed
7 as part of environmental response or remediation activities under section
8 42-5075, subsection B, paragraph 6.

9 B. In addition to the deductions from the tax base prescribed by
10 subsection A of this section, the gross proceeds of sales or gross income
11 derived from sales of the following categories of tangible personal property
12 shall be deducted from the tax base:

13 1. Machinery, or equipment, used directly in manufacturing,
14 processing, fabricating, job printing, refining or metallurgical operations.
15 The terms "manufacturing", "processing", "fabricating", "job printing",
16 "refining" and "metallurgical" as used in this paragraph refer to and include
17 those operations commonly understood within their ordinary meaning.
18 "Metallurgical operations" includes leaching, milling, precipitating,
19 smelting and refining.

20 2. Mining machinery, or equipment, used directly in the process of
21 extracting ores or minerals from the earth for commercial purposes, including
22 equipment required to prepare the materials for extraction and handling,
23 loading or transporting such extracted material to the surface. "Mining"
24 includes underground, surface and open pit operations for extracting ores and
25 minerals.

26 3. Tangible personal property sold to persons engaged in business
27 classified under the telecommunications classification and consisting of
28 central office switching equipment, switchboards, private branch exchange
29 equipment, microwave radio equipment and carrier equipment including optical
30 fiber, coaxial cable and other transmission media which are components of
31 carrier systems.

32 4. Machinery, equipment or transmission lines used directly in
33 producing or transmitting electrical power, but not including distribution.
34 Transformers and control equipment used at transmission substation sites
35 constitute equipment used in producing or transmitting electrical power.

36 5. Neat animals, horses, asses, sheep, ratites, swine or goats used or
37 to be used as breeding or production stock, including sales of breedings or
38 ownership shares in such animals used for breeding or production.

39 6. Pipes or valves four inches in diameter or larger used to transport
40 oil, natural gas, artificial gas, water or coal slurry, including compressor
41 units, regulators, machinery and equipment, fittings, seals and any other
42 part that is used in operating the pipes or valves.

43 7. Aircraft, navigational and communication instruments and other
44 accessories and related equipment sold to:

1 (a) A person holding a federal certificate of public convenience and
2 necessity or foreign air carrier permit for air transportation for use as or
3 in conjunction with or becoming a part of aircraft to be used to transport
4 persons, property or United States mail in intrastate, interstate or foreign
5 commerce.

6 (b) Any foreign government for use by such government outside of this
7 state.

8 (c) Persons who are not residents of this state and who will not use
9 such property in this state other than in removing such property from this
10 state. This subdivision also applies to corporations that are not
11 incorporated in this state, regardless of maintaining a place of business in
12 this state, if the principal corporate office is located outside this state
13 and the property will not be used in this state other than in removing the
14 property from this state.

15 8. Machinery, tools, equipment and related supplies used or consumed
16 directly in repairing, remodeling or maintaining aircraft, aircraft engines
17 or aircraft component parts by or on behalf of a certificated or licensed
18 carrier of persons or property.

19 9. Railroad rolling stock, rails, ties and signal control equipment
20 used directly to transport persons or property.

21 10. Machinery or equipment used directly to drill for oil or gas or
22 used directly in the process of extracting oil or gas from the earth for
23 commercial purposes.

24 11. Buses or other urban mass transit vehicles which are used directly
25 to transport persons or property for hire or pursuant to a governmentally
26 adopted and controlled urban mass transportation program and which are sold
27 to bus companies holding a federal certificate of convenience and necessity
28 or operated by any city, town or other governmental entity or by any person
29 contracting with such governmental entity as part of a governmentally adopted
30 and controlled program to provide urban mass transportation.

31 12. Groundwater measuring devices required under section 45-604.

32 13. New machinery and equipment consisting of tractors, tractor-drawn
33 implements, self-powered implements, machinery and equipment that are
34 necessary for extracting milk, and for cooling milk and livestock, and drip
35 irrigation lines not already exempt under paragraph 6 of this subsection and
36 used for commercial production of agricultural, horticultural, viticultural
37 and floricultural crops and products in this state. In this paragraph:

38 (a) "New machinery and equipment" means machinery and equipment which
39 have never been sold at retail except pursuant to leases or rentals which do
40 not total two years or more.

41 (b) "Self-powered implements" includes machinery and equipment that
42 are electric-powered.

43 14. Machinery or equipment used in research and development. In this
44 paragraph, "research and development" means basic and applied research in the
45 sciences and engineering, and designing, developing or testing prototypes,

1 processes or new products, including research and development of computer
2 software that is embedded in or an integral part of the prototype or new
3 product or that is required for machinery or equipment otherwise exempt under
4 this section to function effectively. Research and development do not
5 include manufacturing quality control, routine consumer product testing,
6 market research, sales promotion, sales service, research in social sciences
7 or psychology, computer software research that is not included in the
8 definition of research and development, or other nontechnological activities
9 or technical services.

10 15. Machinery and equipment that are purchased by or on behalf of the
11 owners of a soundstage complex and primarily used for motion picture,
12 multimedia or interactive video production in the complex. This paragraph
13 applies only if the initial construction of the soundstage complex begins
14 after June 30, 1996 and before January 1, 2002 and the machinery and
15 equipment are purchased before the expiration of five years after the start
16 of initial construction. For purposes of this paragraph:

17 (a) "Motion picture, multimedia or interactive video production"
18 includes products for theatrical and television release, educational
19 presentations, electronic retailing, documentaries, music videos, industrial
20 films, CD-ROM, video game production, commercial advertising and television
21 episode production and other genres that are introduced through developing
22 technology.

23 (b) "Soundstage complex" means a facility of multiple stages including
24 production offices, construction shops and related areas, prop and costume
25 shops, storage areas, parking for production vehicles and areas that are
26 leased to businesses that complement the production needs and orientation of
27 the overall facility.

28 16. Tangible personal property that is used by either of the following
29 to receive, store, convert, produce, generate, decode, encode, control or
30 transmit telecommunications information:

31 (a) Any direct broadcast satellite television or data transmission
32 service that operates pursuant to 47 Code of Federal Regulations parts 25 and
33 100.

34 (b) Any satellite television or data transmission facility, if both of
35 the following conditions are met:

36 (i) Over two-thirds of the transmissions, measured in megabytes,
37 transmitted by the facility during the test period were transmitted to or on
38 behalf of one or more direct broadcast satellite television or data
39 transmission services that operate pursuant to 47 Code of Federal Regulations
40 parts 25 and 100.

41 (ii) Over two-thirds of the transmissions, measured in megabytes,
42 transmitted by or on behalf of those direct broadcast television or data
43 transmission services during the test period were transmitted by the facility
44 to or on behalf of those services. For purposes of subdivision (b) of this
45 paragraph, "test period" means the three hundred sixty-five day period

1 beginning on the later of the date on which the tangible personal property is
2 purchased or the date on which the direct broadcast satellite television or
3 data transmission service first transmits information to its customers.

4 17. Clean rooms that are used for manufacturing, processing,
5 fabrication or research and development, as defined in paragraph 14 of this
6 subsection, of semiconductor products. For purposes of this paragraph,
7 "clean room" means all property that comprises or creates an environment
8 where humidity, temperature, particulate matter and contamination are
9 precisely controlled within specified parameters, without regard to whether
10 the property is actually contained within that environment or whether any of
11 the property is affixed to or incorporated into real property. Clean room:

12 (a) Includes the integrated systems, fixtures, piping, movable
13 partitions, lighting and all property that is necessary or adapted to reduce
14 contamination or to control airflow, temperature, humidity, chemical purity
15 or other environmental conditions or manufacturing tolerances, as well as the
16 production machinery and equipment operating in conjunction with the clean
17 room environment.

18 (b) Does not include the building or other permanent, nonremovable
19 component of the building that houses the clean room environment.

20 18. Machinery and equipment used directly in the feeding of poultry,
21 the environmental control of housing for poultry, the movement of eggs within
22 a production and packaging facility or the sorting or cooling of eggs. This
23 exemption does not apply to vehicles used for transporting eggs.

24 19. Machinery or equipment, including related structural components,
25 that is employed in connection with manufacturing, processing, fabricating,
26 job printing, refining, mining, natural gas pipelines, metallurgical
27 operations, telecommunications, producing or transmitting electricity or
28 research and development and that is used directly to meet or exceed rules or
29 regulations adopted by the federal energy regulatory commission, the United
30 States environmental protection agency, the United States nuclear regulatory
31 commission, the Arizona department of environmental quality or a political
32 subdivision of this state to prevent, monitor, control or reduce land, water
33 or air pollution.

34 20. Machinery and equipment that are sold to a person engaged in the
35 commercial production of livestock, livestock products or agricultural,
36 horticultural, viticultural or floricultural crops or products in this state
37 and that are used directly and primarily to prevent, monitor, control or
38 reduce air, water or land pollution.

39 21. Machinery or equipment that enables a television station to
40 originate and broadcast or to receive and broadcast digital television
41 signals and that was purchased to facilitate compliance with the
42 telecommunications act of 1996 (P.L. 104-104; 110 Stat. 56; 47 United States
43 Code section 336) and the federal communications commission order issued
44 April 21, 1997 (47 Code of Federal Regulations part 73). This paragraph does
45 not exempt any of the following:

1 (a) Repair or replacement parts purchased for the machinery or
2 equipment described in this paragraph.

3 (b) Machinery or equipment purchased to replace machinery or equipment
4 for which an exemption was previously claimed and taken under this paragraph.

5 (c) Any machinery or equipment purchased after the television station
6 has ceased analog broadcasting, or purchased after November 1, 2009,
7 whichever occurs first.

8 C. The deductions provided by subsection B of this section do not
9 include sales of:

10 1. Expendable materials. For purposes of this paragraph, expendable
11 materials do not include any of the categories of tangible personal property
12 specified in subsection B of this section regardless of the cost or useful
13 life of that property.

14 2. Janitorial equipment and hand tools.

15 3. Office equipment, furniture and supplies.

16 4. Tangible personal property used in selling or distributing
17 activities, other than the telecommunications transmissions described in
18 subsection B, paragraph 16 of this section.

19 5. Motor vehicles required to be licensed by this state, except buses
20 or other urban mass transit vehicles specifically exempted pursuant to
21 subsection B, paragraph 11 of this section, without regard to the use of such
22 motor vehicles.

23 6. Shops, buildings, docks, depots and all other materials of whatever
24 kind or character not specifically included as exempt.

25 7. Motors and pumps used in drip irrigation systems.

26 D. In computing the tax base, gross proceeds of sales or gross income
27 from retail sales of automobiles does not include any amount attributable to
28 federal excise taxes imposed by 26 United States Code section 4001.

29 E. In addition to the deductions from the tax base prescribed by
30 subsection A of this section, there shall be deducted from the tax base the
31 gross proceeds of sales or gross income derived from sales of machinery,
32 equipment, materials and other tangible personal property used directly and
33 predominantly to construct a qualified environmental technology
34 manufacturing, producing or processing facility as described in section
35 41-1514.02. This subsection applies for ten full consecutive calendar or
36 fiscal years after the start of initial construction.

37 F. In computing the tax base, gross proceeds of sales or gross income
38 from retail sales of heavy trucks and trailers does not include any amount
39 attributable to federal excise taxes imposed by 26 United States Code section
40 4051.

41 G. In computing the tax base, gross proceeds of sales or gross income
42 from the sale of use fuel, as defined in section 28-5701, does not include
43 any amount attributable to federal excise taxes imposed by 26 United States
44 Code section 4091.

1 H. If a person is engaged in an occupation or business to which
2 subsection A of this section applies, the person's books shall be kept so as
3 to show separately the gross proceeds of sales of tangible personal property
4 and the gross income from sales of services, and if not so kept the tax shall
5 be imposed on the total of the person's gross proceeds of sales of tangible
6 personal property and gross income from services.

7 I. If a person is engaged in the business of selling tangible personal
8 property at both wholesale and retail, the tax under this section applies
9 only to the gross proceeds of the sales made other than at wholesale if the
10 person's books are kept so as to show separately the gross proceeds of sales
11 of each class, and if the books are not so kept, the tax under this section
12 applies to the gross proceeds of every sale so made.

13 J. A person who engages in manufacturing, baling, crating, boxing,
14 barreling, canning, bottling, sacking, preserving, processing or otherwise
15 preparing for sale or commercial use any livestock, agricultural or
16 horticultural product or any other product, article, substance or commodity
17 and who sells the product of such business at retail in this state is deemed,
18 as to such sales, to be engaged in business classified under the retail
19 classification. This subsection does not apply to businesses classified
20 under the:

- 21 1. Transporting classification.
- 22 2. Utility classification.
- 23 3. Telecommunications classification.
- 24 4. Pipeline classification.
- 25 5. Private car line classification.
- 26 6. Publication classification.
- 27 7. Job printing classification.
- 28 8. Prime contracting classification.
- 29 9. Owner builder sales classification.
- 30 10. Restaurant classification.

31 K. The gross proceeds of sales or gross income derived from the
32 following shall be deducted from the tax base for the retail classification:

33 1. Sales made directly to the United States government or its
34 departments or agencies by a manufacturer, modifier, assembler or repairer.

35 2. Sales made directly to a manufacturer, modifier, assembler or
36 repairer if such sales are of any ingredient or component part of products
37 sold directly to the United States government or its departments or agencies
38 by the manufacturer, modifier, assembler or repairer.

39 3. Overhead materials or other tangible personal property that is used
40 in performing a contract between the United States government and a
41 manufacturer, modifier, assembler or repairer, including property used in
42 performing a subcontract with a government contractor who is a manufacturer,
43 modifier, assembler or repairer, to which title passes to the government
44 under the terms of the contract or subcontract.

1 4. Sales of overhead materials or other tangible personal property to
2 a manufacturer, modifier, assembler or repairer if the gross proceeds of
3 sales or gross income derived from the property by the manufacturer,
4 modifier, assembler or repairer will be exempt under paragraph 3 of this
5 subsection.

6 L. There shall be deducted from the tax base fifty per cent of the
7 gross proceeds or gross income from any sale of tangible personal property
8 made directly to the United States government or its departments or agencies,
9 which is not deducted under subsection K of this section.

10 M. The department shall require every person claiming a deduction
11 provided by subsection K or L of this section to file on forms prescribed by
12 the department at such times as the department directs a sworn statement
13 disclosing the name of the purchaser and the exact amount of sales on which
14 the exclusion or deduction is claimed.

15 N. In computing the tax base, gross proceeds of sales or gross income
16 does not include:

17 1. A manufacturer's cash rebate on the sales price of a motor vehicle
18 if the buyer assigns the buyer's right in the rebate to the retailer.

19 2. The waste tire disposal fee imposed pursuant to section 44-1302.

20 O. There shall be deducted from the tax base the amount received from
21 sales of solar energy devices, but the deduction shall not exceed five
22 thousand dollars for each solar energy device. Before deducting any amount
23 under this subsection, the retailer shall register with the department as a
24 solar energy retailer. By registering, the retailer acknowledges that it
25 will make its books and records relating to sales of solar energy devices
26 available to the department for examination.

27 P. In computing the tax base in the case of the sale or transfer of
28 wireless telecommunications equipment as an inducement to a customer to enter
29 into or continue a contract for telecommunications services that are taxable
30 under section 42-5064, gross proceeds of sales or gross income does not
31 include any sales commissions or other compensation received by the retailer
32 as a result of the customer entering into or continuing a contract for the
33 telecommunications services.

34 Q. For the purposes of this section, a sale of wireless
35 telecommunications equipment to a person who holds the equipment for sale or
36 transfer to a customer as an inducement to enter into or continue a contract
37 for telecommunications services that are taxable under section 42-5064 is
38 considered to be a sale for resale in the regular course of business.

39 R. Retail sales of prepaid calling cards or prepaid authorization
40 numbers for telecommunications services, including sales of reauthorization
41 of a prepaid card or authorization number, are subject to tax under this
42 section.

43 S. For the purposes of this section, the diversion of gas from a
44 pipeline by a person engaged in the business of operating a natural or
45 artificial gas pipeline, for the sole purpose of fueling compressor equipment

1 to pressurize the pipeline, is not a sale of the gas to the operator of the
2 pipeline.

3 T. If a seller is entitled to a deduction pursuant to subsection B,
4 paragraph 16, subdivision (b) of this section, the department may require the
5 purchaser to establish that the requirements of subsection B, paragraph 16,
6 subdivision (b) of this section have been satisfied. If the purchaser cannot
7 establish that the requirements of subsection B, paragraph 16, subdivision
8 (b) of this section have been satisfied, the purchaser is liable in an amount
9 equal to any tax, penalty and interest which the seller would have been
10 required to pay under article 1 of this chapter if the seller had not made a
11 deduction pursuant to subsection B, paragraph 16, subdivision (b) of this
12 section. Payment of the amount under this subsection exempts the purchaser
13 from liability for any tax imposed under article 4 of this chapter and
14 related to the tangible personal property purchased. The amount shall be
15 treated as transaction privilege tax to the purchaser and as tax revenues
16 collected from the seller to designate the distribution base pursuant to
17 section 42-5029.

18 U. FOR PURPOSES OF SECTION 42-5032.01, THE DEPARTMENT SHALL SEPARATELY
19 ACCOUNT FOR REVENUES COLLECTED UNDER THE RETAIL CLASSIFICATION FROM
20 BUSINESSES SELLING TANGIBLE PERSONAL PROPERTY AT RETAIL:

21 1. ON THE PREMISES OF A MULTIPURPOSE FACILITY THAT IS OWNED, LEASED OR
22 OPERATED BY THE TOURISM AND SPORTS AUTHORITY PURSUANT TO TITLE 5, CHAPTER 8.

23 2. AT PROFESSIONAL FOOTBALL CONTESTS THAT ARE HELD IN A STADIUM
24 LOCATED ON THE CAMPUS OF AN INSTITUTION UNDER THE JURISDICTION OF THE ARIZONA
25 BOARD OF REGENTS.

26 ~~U.~~ V. For the purposes of this section:

27 1. "Aircraft" includes:

28 (a) An airplane flight simulator that is approved by the federal
29 aviation administration for use as a phase II or higher flight simulator
30 under appendix H, 14 Code of Federal Regulations part 121.

31 (b) Tangible personal property that is permanently affixed or attached
32 as a component part of an aircraft that is owned or operated by a
33 certificated or licensed carrier of persons or property.

34 2. "Other accessories and related equipment" includes aircraft
35 accessories and equipment such as ground service equipment that physically
36 contact aircraft at some point during the overall carrier operation.

37 3. "Selling at retail" means a sale for any purpose other than for
38 resale in the regular course of business in the form of tangible personal
39 property, but transfer of possession, lease and rental as used in the
40 definition of sale mean only such transactions as are found on investigation
41 to be in lieu of sales as defined without the words lease or rental.

42 ~~V.~~ W. For purposes of subsection K of this section:

43 1. "Assembler" means a person who unites or combines products, wares
44 or articles of manufacture so as to produce a change in form or substance
45 without changing or altering the component parts.

1 2. "Manufacturer" means a person who is principally engaged in the
2 fabrication, production or manufacture of products, wares or articles for use
3 from raw or prepared materials, imparting to those materials new forms,
4 qualities, properties and combinations.

5 3. "Modifier" means a person who reworks, changes or adds to products,
6 wares or articles of manufacture.

7 4. "Overhead materials" means tangible personal property, the gross
8 proceeds of sales or gross income derived from which would otherwise be
9 included in the retail classification, and which are used or consumed in the
10 performance of a contract, the cost of which is charged to an overhead
11 expense account and allocated to various contracts based upon generally
12 accepted accounting principles and consistent with government contract
13 accounting standards.

14 5. "Repairer" means a person who restores or renews products, wares or
15 articles of manufacture.

16 6. "Subcontract" means an agreement between a contractor and any
17 person who is not an employee of the contractor for furnishing of supplies or
18 services that, in whole or in part, are necessary to the performance of one
19 or more government contracts, or under which any portion of the contractor's
20 obligation under one or more government contracts is performed, undertaken or
21 assumed and that includes provisions causing title to overhead materials or
22 other tangible personal property used in the performance of the subcontract
23 to pass to the government or that includes provisions incorporating such
24 title passing clauses in a government contract into the subcontract.

25 Sec. 8. Section 42-5070, Arizona Revised Statutes, is amended to read:
26 42-5070. [Transient lodging classification](#)

27 A. The transient lodging classification is comprised of the business
28 of operating, for occupancy by transients, a hotel or motel, including an
29 inn, tourist home or house, dude ranch, resort, campground, studio or
30 bachelor hotel, lodging house, rooming house, apartment house, dormitory,
31 public or private club, mobile home or house trailer at a fixed location or
32 other similar structure, and also including a space, lot or slab which is
33 occupied or intended or designed for occupancy by transients in a mobile home
34 or house trailer furnished by them for such occupancy. For purposes of this
35 subsection "transient" means any person who either at the person's own
36 expense or at the expense of another obtains lodging space or the use of
37 lodging space on a daily or weekly basis, or on any other basis for less than
38 thirty consecutive days.

39 B. The transient lodging classification does not include:

40 1. Operating a convalescent home or facility, home for the aged,
41 hospital, jail, military installation or fraternity or sorority house or
42 operating any structure exclusively by an association, institution,
43 governmental agency or corporation for religious, charitable or educational
44 purposes, if no part of the net earnings of the association, corporation or
45 other entity inures to the benefit of any private shareholder or individual.

1 2. A lease or rental of a mobile home or house trailer at a fixed
2 location or any other similar structure, and also including a space, lot or
3 slab which is occupied or intended or designed for occupancy by transients in
4 a mobile home or house trailer furnished by them for such occupancy for
5 thirty or more consecutive days.

6 3. Leasing or renting four or fewer rooms of an owner-occupied
7 residential home, together with furnishing no more than a breakfast meal, to
8 transient lodgers at no more than a fifty per cent average annual occupancy
9 rate.

10 C. The tax base for the transient lodging classification is the gross
11 proceeds of sales or gross income derived from the business, except that the
12 tax base does not include:

13 1. Any amount attributable to the recreational vehicle spaces
14 surcharge under section 48-4235.

15 2. Gross proceeds of sales or gross income derived from business
16 activity that is properly included in another business classification under
17 this article and that is taxable to the person engaged in that business
18 classification, but the gross proceeds of sales or gross income to be
19 deducted shall not exceed the consideration paid to the person conducting the
20 activity.

21 D. The department shall separately account for revenues collected
22 under the transient lodging classification for purposes of section 42-5029,
23 subsection D, paragraph 4, ~~subdivision~~ SUBDIVISIONS (c) AND (f).

24 Sec. 9. Section 42-5073, Arizona Revised Statutes, is amended to read:
25 42-5073. Amusement classification

26 A. The amusement classification is comprised of the business of
27 operating or conducting theaters, movies, operas, shows of any type or
28 nature, exhibitions, concerts, carnivals, circuses, amusement parks,
29 menageries, fairs, races, contests, games, billiard or pool parlors, bowling
30 alleys, public dances, dance halls, boxing and wrestling matches, skating
31 rinks, tennis courts, except as provided in subsection B of this section,
32 video games, pinball machines, sports events or any other business charging
33 admission or user fees for exhibition, amusement or entertainment, **INCLUDING**
34 **THE OPERATION OR SPONSORSHIP OF EVENTS BY A TOURISM AND SPORTS AUTHORITY**
35 **UNDER TITLE 5, CHAPTER 8.** For purposes of this section, admission or user
36 fees include, but are not limited to, any revenues derived from any form of
37 contractual agreement for rights to or use of premium or special seating
38 facilities or arrangements. The amusement classification does not include:

39 1. Activities or projects of bona fide religious or educational
40 institutions.

41 2. Private or group instructional activities. For purposes of this
42 paragraph, "private or group instructional activities" includes, but is not
43 limited to, performing arts, martial arts, gymnastics and aerobic
44 instruction.

1 3. The operation or sponsorship of events by the Arizona exposition
2 and state fair board or county fair commissions.

3 4. A musical, dramatic or dance group or a botanical garden, museum or
4 zoo that is qualified as a nonprofit charitable organization under section
5 501(c)(3) of the United States internal revenue code and if no part of its
6 net income inures to the benefit of any private shareholder or individual.

7 5. Exhibition events in this state sponsored, conducted or operated by
8 a nonprofit organization that is exempt from taxation under section
9 501(c)(3), 501(c)(4) or 501(c)(6) of the internal revenue code if the
10 organization is associated with major league baseball teams or a national
11 touring professional golfing association and no part of the organization's
12 net earnings inures to the benefit of any private shareholder or individual.

13 6. Operating or sponsoring rodeos that feature primarily farm and
14 ranch animals in this state and that are sponsored, conducted or operated by
15 a nonprofit organization that is exempt from taxation under section
16 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7) or 501(c)(8) of the internal
17 revenue code and no part of the organization's net earnings inures to the
18 benefit of any private shareholder or individual.

19 7. Sales of admissions ~~to the 1996 national football league super~~
20 ~~bowl, and~~ to intercollegiate football contests if the contests are BOTH:

21 (a) Operated by a nonprofit organization that is exempt from taxation
22 under section 501(c)(3) of the internal revenue code and no part of the
23 organization's net earnings inures to the benefit of any private shareholder
24 or individual.

25 (b) **NOT HELD IN A MULTIPURPOSE FACILITY THAT IS OWNED OR OPERATED BY**
26 **THE TOURISM AND SPORTS AUTHORITY PURSUANT TO TITLE 5, CHAPTER 8.**

27 8. Activities and events of, or fees and assessments received by, a
28 homeowners organization from persons who are members of the organization or
29 accompanied guests of members. For purposes of this paragraph, "homeowners
30 organization" means a mandatory membership organization comprised of owners
31 of residential property within a specified residential real estate
32 subdivision development or similar area and established to own property for
33 the benefit of its members where both of the following apply:

34 (a) No part of the organization's net earnings inures to the benefit
35 of any private shareholder or individual.

36 (b) The primary purpose of the organization is to provide for the
37 acquisition, construction, management, maintenance or care of organization
38 property.

39 B. The tax base for the amusement classification is the gross proceeds
40 of sales or gross income derived from the business, except that the following
41 shall be deducted from the tax base:

42 1. The gross proceeds of sales or gross income derived from
43 memberships, including initiation fees, which provide for the right to use a
44 health or fitness establishment or a private recreational establishment, or
45 any portion of an establishment, including tennis and other racquet courts at

1 that establishment, for participatory purposes for twenty-eight days or more
2 and fees charged for use of the health or fitness establishment or private
3 recreational establishment by bona fide accompanied guests of members, except
4 that this paragraph does not include additional fees, other than initiation
5 fees, charged by a health or fitness establishment or a private recreational
6 establishment for purposes other than memberships which provide for the right
7 to use a health or fitness establishment or private recreational
8 establishment, or any portion of an establishment, for participatory purposes
9 for twenty-eight days or more and accompanied guest use fees.

10 2. Amounts that are exempt under section 5-111, subsection H.

11 3. The gross proceeds of sales or gross income derived from membership
12 fees, including initiation fees, that provide for the right to use a
13 transient lodging recreational establishment, including golf courses and
14 tennis and other racquet courts at that establishment, for participatory
15 purposes for twenty-eight days or more, except that this paragraph does not
16 include additional fees, other than initiation fees, that are charged by a
17 transient lodging recreational establishment for purposes other than
18 memberships and that provide for the right to use a transient lodging
19 recreational establishment or any portion of the establishment for
20 participatory purposes for twenty-eight days or more.

21 4. The gross proceeds of sales or gross income derived from sales to
22 persons engaged in the business of transient lodging classified under section
23 42-5070, if all of the following apply:

24 (a) The persons who are engaged in the transient lodging business sell
25 the amusement to another person for consideration.

26 (b) The consideration received by the transient lodging business is
27 equal to or greater than the amount to be deducted under this subsection.

28 (c) The transient lodging business has provided an exemption
29 certificate to the person engaging in business under this section.

30 5. The gross proceeds of sales or gross income derived from:

31 (a) Business activity that is properly included in any other business
32 classification under this article and that is taxable to the person engaged
33 in that classification, but the gross proceeds of sales or gross income to be
34 deducted shall not exceed the consideration paid to the person conducting the
35 activity.

36 (b) Business activity that is arranged by the person who is subject to
37 tax under this section and that is not taxable to the person conducting the
38 activity due to an exclusion, exemption or deduction under this section or
39 section 42-5062, but the gross proceeds of sales or gross income to be
40 deducted shall not exceed the consideration paid to the person conducting the
41 activity.

42 (c) Business activity that is arranged by a person who is subject to
43 tax under this section and that is taxable to another person under this
44 section who conducts the activity, but the gross proceeds of sales or gross

1 income to be deducted shall not exceed the consideration paid to the person
2 conducting the activity.

3 C. For purposes of subsection B of this section:

4 1. "Health or fitness establishment" means a facility whose primary
5 purpose is to provide facilities, equipment, instruction or education to
6 promote the health and fitness of its members and at least eighty per cent of
7 the monthly gross revenue of the facility is received through accounts of
8 memberships and accompanied guest use fees which provide for the right to use
9 the facility, or any portion of the facility, under the terms of the
10 membership agreement for participatory purposes for twenty-eight days or
11 more.

12 2. "Private recreational establishment" means a facility whose primary
13 purpose is to provide recreational facilities, such as tennis, golf and
14 swimming, for its members and where at least eighty per cent of the monthly
15 gross revenue of the facility is received through accounts of memberships and
16 accompanied guest use fees which provide for the right to use the facility,
17 or any portion of the facility, for participatory purposes for twenty-eight
18 days or more.

19 3. "Transient lodging recreational establishment" means a facility
20 whose primary purpose is to provide facilities for transient lodging, that is
21 subject to taxation under this chapter and that also provides recreational
22 facilities, such as tennis, golf and swimming, for members for a period of
23 twenty-eight days or more.

24 D. Until December 31, 1988, the revenues from hayrides and other
25 animal-drawn amusement rides, from horseback riding and riding instruction
26 and from recreational tours using motor vehicles designed to operate on and
27 off public highways are exempt from the tax imposed by this section.
28 Beginning January 1, 1989, the gross proceeds or gross income from hayrides
29 and other animal-drawn amusement rides, from horseback riding and from
30 recreational tours using motor vehicles designed to operate on and off public
31 highways are subject to taxation under this section. Tax liabilities,
32 penalties and interest paid for taxable periods before January 1, 1989 shall
33 not be refunded unless the taxpayer requesting the refund provides proof
34 satisfactory to the department that the taxes will be returned to the
35 customer.

36 E. If a person is engaged in the business of offering both exhibition,
37 amusement or entertainment and private or group instructional activities, the
38 person's books shall be kept to show separately the gross income from
39 exhibition, amusement or entertainment and the gross income from
40 instructional activities. If the books do not provide this separate
41 accounting, the tax is imposed on the person's total gross income from the
42 business.

43 F. THE DEPARTMENT SHALL SEPARATELY ACCOUNT FOR REVENUES COLLECTED
44 UNDER THE AMUSEMENT CLASSIFICATION FOR PURPOSES OF SECTION 42-5029,
45 SUBSECTION D, PARAGRAPH 4, SUBDIVISION (f).

1 G. FOR PURPOSES OF SECTION 42-5032.01, THE DEPARTMENT SHALL SEPARATELY
2 ACCOUNT FOR REVENUES COLLECTED UNDER THE AMUSEMENT CLASSIFICATION FROM SALES
3 OF ADMISSIONS TO:

4 1. EVENTS THAT ARE HELD IN A MULTIPURPOSE FACILITY THAT IS OWNED OR
5 OPERATED BY THE TOURISM AND SPORTS AUTHORITY PURSUANT TO TITLE 5, CHAPTER 8,
6 INCLUDING INTERCOLLEGIATE FOOTBALL CONTESTS THAT ARE OPERATED BY A NONPROFIT
7 ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER SECTION 501(c)(3) OF THE
8 INTERNAL REVENUE CODE.

9 2. PROFESSIONAL FOOTBALL CONTESTS THAT ARE HELD IN A STADIUM LOCATED
10 ON THE CAMPUS OF AN INSTITUTION UNDER THE JURISDICTION OF THE ARIZONA BOARD
11 OF REGENTS.

12 Sec. 10. Section 42-5074, Arizona Revised Statutes, is amended to
13 read:

14 42-5074. Restaurant classification

15 A. The restaurant classification is comprised of the business of
16 operating restaurants, dining cars, dining rooms, lunchrooms, lunch stands,
17 soda fountains, catering services or similar establishments where articles of
18 food or drink are sold for consumption on or off the premises.

19 B. The tax base for the restaurant classification is the gross
20 proceeds of sales or gross income derived from the business. The gross
21 proceeds of sales or gross income derived from the following shall be
22 deducted from the tax base:

23 1. Sales to a person engaged in business classified under the
24 restaurant classification if the items sold are to be resold in the regular
25 course of the business.

26 2. Sales by a congressionally chartered veterans organization of food
27 or drink prepared for consumption on the premises leased, owned or maintained
28 by the organization.

29 3. Sales by churches, fraternal benefit societies and other nonprofit
30 organizations, as these organizations are defined in the federal internal
31 revenue code (26 United States Code section 501), which do not regularly
32 engage or continue in the restaurant business for the purpose of
33 fund-raising.

34 4. Sales by a nonprofit organization that is exempt from taxation
35 under section 501(c)(3), 501(c)(4) or 501(c)(6) of the internal revenue code
36 if the organization is associated with a major league baseball team or a
37 national touring professional golfing association and no part of the
38 organization's net earnings inures to the benefit of any private shareholder
39 or individual.

40 5. Sales at a rodeo featuring primarily farm and ranch animals in this
41 state by a nonprofit organization that is exempt from taxation under section
42 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7) or 501(c)(8) of the internal
43 revenue code and no part of the organization's net earnings inures to the
44 benefit of any private shareholder or individual.

1 6. Sales by any nonprofit organization organized and operated
2 exclusively for charitable purposes and recognized by the department and the
3 United States internal revenue service as such an organization.

4 7. Sales to qualifying hospitals as defined in section 42-5001.

5 8. Sales to a qualifying health care organization as defined in
6 section 42-5001 if the tangible personal property is used by the organization
7 solely to provide health and medical related educational and charitable
8 services.

9 9. Sales of food, drink and condiment for consumption within the
10 premises of a prison, jail or ANY other institution under the jurisdiction of
11 the state department of corrections, the department of public safety, the
12 department of juvenile corrections or a county sheriff.

13 C. The tax imposed on the restaurant classification pursuant to this
14 section does not apply to the gross proceeds of sales or gross income from
15 tangible personal property sold to a commercial airline consisting of food,
16 beverages and condiments and accessories used for serving the food and
17 beverages, if those items are to be provided without additional charge to
18 passengers for consumption in flight. For purposes of this subsection,
19 "commercial airline" means a person holding a federal certificate of public
20 convenience and necessity or foreign air carrier permit for air
21 transportation to transport persons, property or United States mail in
22 intrastate, interstate or foreign commerce.

23 D. THE DEPARTMENT SHALL SEPARATELY ACCOUNT FOR REVENUES COLLECTED
24 UNDER THE RESTAURANT CLASSIFICATION FOR PURPOSES OF SECTION 42-5029,
25 SUBSECTION D, PARAGRAPH 4, SUBDIVISION (f).

26 E. FOR PURPOSES OF SECTION 42-5032.01, THE DEPARTMENT SHALL SEPARATELY
27 ACCOUNT FOR REVENUES COLLECTED UNDER THE RESTAURANT CLASSIFICATION FROM
28 BUSINESSES OPERATING RESTAURANTS, DINING ROOMS, LUNCHROOMS, LUNCH STANDS,
29 SODA FOUNTAINS, CATERING SERVICES OR SIMILAR ESTABLISHMENTS:

30 1. ON THE PREMISES OF A MULTIPURPOSE FACILITY THAT IS OWNED OR
31 OPERATED BY THE TOURISM AND SPORTS AUTHORITY PURSUANT TO TITLE 5, CHAPTER 8
32 FOR CONSUMPTION ON OR OFF THE PREMISES.

33 2. AT PROFESSIONAL FOOTBALL CONTESTS THAT ARE HELD IN A STADIUM
34 LOCATED ON THE CAMPUS OF AN INSTITUTION UNDER THE JURISDICTION OF THE ARIZONA
35 BOARD OF REGENTS.

36 Sec. 11. Section 42-5075, Arizona Revised Statutes, is amended to
37 read:

38 42-5075. Prime contracting classification; exemptions;
39 definitions

40 A. The prime contracting classification is comprised of the business
41 of prime contracting and dealership of manufactured buildings. The sale of a
42 used manufactured building is not taxable under this chapter.

43 B. The tax base for the prime contracting classification is sixty-five
44 per cent of the gross proceeds of sales or gross income derived from the

1 business. The following amounts shall be deducted from the gross proceeds of
2 sales or gross income before computing the tax base:

3 1. The sales price of land, which shall not exceed the fair market
4 value.

5 2. Sales and installation of groundwater measuring devices required
6 under section 45-604 and groundwater monitoring wells required by law,
7 including monitoring wells installed for acquiring information for a permit
8 required by law.

9 3. The sales price of furniture, furnishings, fixtures, appliances,
10 and attachments that are not incorporated as component parts of or attached
11 to a manufactured building or the setup site. The sale of such items may be
12 subject to the taxes imposed by article 1 of this chapter separately and
13 distinctly from the sale of the manufactured building.

14 4. The gross proceeds of sales or gross income received from a
15 contract entered into for the construction, alteration, repair, addition,
16 subtraction, improvement, movement, wrecking or demolition of any building,
17 highway, road, railroad, excavation, manufactured building or other
18 structure, project, development or improvement located in a military reuse
19 zone for providing aviation or aerospace services or for a manufacturer,
20 assembler or fabricator of aviation or aerospace products within five years
21 after the zone is initially established under section 41-1531. To qualify
22 for this deduction, before beginning work under the contract the prime
23 contractor must obtain a letter of qualification from the department of
24 revenue.

25 5. The gross proceeds of sales or gross income derived from a contract
26 to construct a qualified environmental technology manufacturing, producing or
27 processing facility, as described in section 41-1514.02, and from subsequent
28 construction and installation contracts that begin within ten years after the
29 start of initial construction. To qualify for this deduction, before
30 beginning work under the contract the prime contractor must obtain a letter
31 of qualification from the department of revenue. This paragraph shall apply
32 for ten full consecutive calendar or fiscal years after the start of initial
33 construction.

34 6. The gross proceeds of sales or gross income from a contract to
35 provide for one or more of the following actions, or a contract for site
36 preparation, constructing, furnishing or installing machinery, equipment or
37 other tangible personal property, including structures necessary to protect
38 exempt incorporated materials or installed machinery or equipment, and
39 tangible personal property incorporated into the project, to perform one or
40 more of the following actions in response to a release or suspected release
41 of a hazardous substance, pollutant or contaminant from a facility to the
42 environment, unless the release was authorized by a permit issued by a
43 governmental authority:

44 (a) Actions to monitor, assess and evaluate such a release or a
45 suspected release.

1 (b) Excavation, removal and transportation of contaminated soil and
2 its treatment or disposal.

3 (c) Treatment of contaminated soil by vapor extraction, chemical or
4 physical stabilization, soil washing or biological treatment to reduce the
5 concentration, toxicity or mobility of a contaminant.

6 (d) Pumping and treatment or in situ treatment of contaminated
7 groundwater or surface water to reduce the concentration or toxicity of a
8 contaminant.

9 (e) The installation of structures, such as cutoff walls or caps, to
10 contain contaminants present in groundwater or soil and prevent them from
11 reaching a location where they could threaten human health or welfare or the
12 environment.

13 This paragraph does not include asbestos removal or the construction or use
14 of ancillary structures such as maintenance sheds, offices or storage
15 facilities for unattached equipment, pollution control equipment, facilities
16 or other control items required or to be used by a person to prevent or
17 control contamination before it reaches the environment.

18 7. The gross proceeds of sales or gross income that is derived from a
19 contract entered into for the installation, assembly, repair or maintenance
20 of machinery, equipment or other tangible personal property that is deducted
21 from the tax base of the retail classification pursuant to section 42-5061,
22 subsection B and that does not become a permanent attachment to a building,
23 highway, road, railroad, excavation or manufactured building or other
24 structure, project, development or improvement. If the ownership of the
25 realty is separate from the ownership of the machinery, equipment or tangible
26 personal property, the determination as to permanent attachment shall be made
27 as if the ownership were the same. The deduction provided in this paragraph
28 does not include gross proceeds of sales or gross income from that portion of
29 any contracting activity which consists of the development of, or
30 modification to, real property in order to facilitate the installation,
31 assembly, repair, maintenance or removal of machinery, equipment or other
32 tangible personal property that is deducted from the tax base of the retail
33 classification pursuant to section 42-5061, subsection B. For purposes of
34 this paragraph, "permanent attachment" means at least one of the following:

35 (a) To be incorporated into real property.

36 (b) To become so affixed to real property that it becomes a part of
37 the real property.

38 (c) To be so attached to real property that removal would cause
39 substantial damage to the real property from which it is removed.

40 8. The gross proceeds of sales or gross income received from a
41 contract for constructing any lake facility development in a commercial
42 enhancement reuse district that is designated pursuant to section 9-499.08 if
43 the prime contractor maintains the following records in a form satisfactory
44 to the department and to the city or town in which the property is located:

1 (a) The certificate of qualification of the lake facility development
2 issued by the city or town pursuant to section 9-499.08, subsection D.

3 (b) All state and local transaction privilege tax returns for the
4 period of time during which the prime contractor received gross proceeds of
5 sales or gross income from the sale of the property, showing the amount
6 exempted from state and local taxation.

7 (c) Any other information that the department considers to be
8 necessary.

9 9. The gross proceeds of sales or gross income attributable to the
10 purchase of machinery, equipment or other tangible personal property that is
11 exempt from or deductible from transaction privilege and use tax under:

12 (a) Section 42-5061, subsection A, paragraph 25 or 29.

13 (b) Section 42-5061, subsection B.

14 (c) Section 42-5159, subsection A, paragraph 13, subdivision (a), (b),
15 (c), (d), (e), (f), (i) or (j).

16 (d) Section 42-5159, subsection B.

17 10. The gross proceeds of sales or gross income received from a
18 contract for the construction of an environmentally controlled facility for
19 the raising of poultry for the production of eggs and the sorting, cooling
20 and packaging of eggs.

21 11. The gross proceeds of sales or gross income that is derived from a
22 contract entered into with a person who is engaged in the commercial
23 production of livestock, livestock products or agricultural, horticultural,
24 viticultural or floricultural crops or products in this state for the
25 construction, alteration, repair, improvement, movement, wrecking or
26 demolition or addition to or subtraction from any building, highway, road,
27 excavation, manufactured building or other structure, project, development or
28 improvement used directly and primarily to prevent, monitor, control or
29 reduce air, water or land pollution.

30 12. The gross proceeds of sales or gross income that is derived from
31 the installation, assembly, repair or maintenance of clean rooms that are
32 deducted from the tax base of the retail classification pursuant to section
33 42-5061, subsection B, paragraph 17.

34 13. For taxable periods beginning from and after June 30, 2001, the
35 gross proceeds of sales or gross income derived from a contract entered into
36 for the construction of a residential apartment housing facility that
37 qualifies for a federal housing subsidy for low income persons over sixty-two
38 years of age AND THAT IS owned by a nonprofit charitable organization that
39 has qualified under section 501(c)(3) of the internal revenue code.

40 C. Entitlement to the deduction pursuant to subsection B, paragraph 7
41 of this section is subject to the following provisions:

42 1. A prime contractor may establish entitlement to the deduction by
43 both:

1 (a) Marking the invoice for the transaction to indicate that the gross
2 proceeds of sales or gross income derived from the transaction was deducted
3 from the base.

4 (b) Obtaining a certificate executed by the purchaser indicating the
5 name and address of the purchaser, the precise nature of the business of the
6 purchaser, the purpose for which the purchase was made, the necessary facts
7 to establish the deductibility of the property under section 42-5061,
8 subsection B, and a certification that the person executing the certificate
9 is authorized to do so on behalf of the purchaser. The certificate may be
10 disregarded if the prime contractor has reason to believe that the
11 information contained in the certificate is not accurate or complete.

12 2. A person who does not comply with paragraph 1 of this subsection
13 may establish entitlement to the deduction by presenting facts necessary to
14 support the entitlement, but the burden of proof is on that person.

15 3. The department may prescribe a form for the certificate described
16 in paragraph 1, subdivision (b) of this subsection. The department may also
17 adopt rules that describe the transactions with respect to which a person is
18 not entitled to rely solely on the information contained in the certificate
19 provided in paragraph 1, subdivision (b) of this subsection but must instead
20 obtain such additional information as required in order to be entitled to the
21 deduction.

22 4. If a prime contractor is entitled to a deduction by complying with
23 paragraph 1 of this subsection, the department may require the purchaser who
24 caused the execution of the certificate to establish the accuracy and
25 completeness of the information required to be contained in the certificate
26 which would entitle the prime contractor to the deduction. If the purchaser
27 cannot establish the accuracy and completeness of the information, the
28 purchaser is liable in an amount equal to any tax, penalty and interest which
29 the prime contractor would have been required to pay under article 1 of this
30 chapter if the prime contractor had not complied with paragraph 1 of this
31 subsection. Payment of the amount under this paragraph exempts the purchaser
32 from liability for any tax imposed under article 4 of this chapter. The
33 amount shall be treated as a transaction privilege tax to the purchaser and
34 as tax revenues collected from the prime contractor in order to designate the
35 distribution base for purposes of section 42-5029.

36 D. Subcontractors or others who perform services in respect to any
37 improvement, building, highway, road, railroad, excavation, manufactured
38 building or other structure, project, development or improvement are not
39 subject to tax if they can demonstrate that the job was within the control of
40 a prime contractor or contractors or a dealership of manufactured buildings
41 and that the prime contractor or dealership is liable for the tax on the
42 gross income, gross proceeds of sales or gross receipts attributable to the
43 job and from which the subcontractors or others were paid.

44 E. Amounts received by a contractor for a project are excluded from
45 the contractor's gross proceeds of sales or gross income derived from the

1 business if the person who hired the contractor executes and provides a
2 certificate to the contractor stating that the person providing the
3 certificate is a prime contractor and is liable for the tax under article 1
4 of this chapter. The department shall prescribe the form of the
5 certificate. If the contractor has reason to believe that the information
6 contained on the certificate is erroneous or incomplete, the department may
7 disregard the certificate. If the person who provides the certificate is not
8 liable for the tax as a prime contractor, that person is nevertheless deemed
9 to be the prime contractor in lieu of the contractor and is subject to the
10 tax under this section on the gross receipts or gross proceeds received by
11 the contractor.

12 F. Every person engaging or continuing in this state in the business
13 of prime contracting or dealership of manufactured buildings shall present to
14 the purchaser of such prime contracting or manufactured building a written
15 receipt of the gross income or gross proceeds of sales from such activity and
16 shall separately state the taxes to be paid pursuant to this section.

17 G. FOR PURPOSES OF SECTION 42-5032.01, THE DEPARTMENT SHALL SEPARATELY
18 ACCOUNT FOR REVENUES COLLECTED UNDER THE PRIME CONTRACTING CLASSIFICATION
19 FROM ANY PRIME CONTRACTOR ENGAGED IN THE PREPARATION OR CONSTRUCTION OF A
20 MULTIPURPOSE FACILITY, AND RELATED INFRASTRUCTURE, THAT IS OWNED, OPERATED OR
21 LEASED BY THE TOURISM AND SPORTS AUTHORITY PURSUANT TO TITLE 5, CHAPTER 8.

22 ~~G.~~ H. For purposes of this section:

23 1. "Contracting" means engaging in business as a contractor.

24 2. "Contractor" is synonymous with the term "builder" and means any
25 person, firm, partnership, corporation, association or other organization, or
26 a combination of any of them, that undertakes to or offers to undertake to,
27 or purports to have the capacity to undertake to, or submits a bid to, or
28 does personally or by or through others, construct, alter, repair, add to,
29 subtract from, improve, move, wreck or demolish any building, highway, road,
30 railroad, excavation, manufactured building or other structure, project,
31 development or improvement, or to do any part of such a project, including
32 the erection of scaffolding or other structure or works in connection with
33 such a project, and includes subcontractors and specialty contractors. For
34 all purposes of taxation or deduction, this definition shall govern without
35 regard to whether or not such contractor is acting in fulfillment of a
36 contract.

37 3. "Dealership of manufactured buildings" means a dealer who either:

38 (a) Is licensed pursuant to title 41, chapter 16 and who sells at
39 retail manufactured buildings.

40 (b) Supervises, performs or coordinates the excavation and completion
41 of site improvements, setup or moving of a manufactured building including
42 the contracting, if any, with any subcontractor or specialty contractor for
43 the completion of the contract.

44 4. "Manufactured building" means a manufactured home, mobile home or
45 factory-built building, as defined in section 41-2142.

1 5. "Prime contracting" means engaging in business as a prime
2 contractor.

3 6. "Prime contractor" means a contractor who supervises, performs or
4 coordinates the construction, alteration, repair, addition, subtraction,
5 improvement, movement, wreckage or demolition of any building, highway, road,
6 railroad, excavation, manufactured building or other structure, project,
7 development or improvement including the contracting, if any, with any
8 subcontractors or specialty contractors and who is responsible for the
9 completion of the contract.

10 7. "Sale of a used manufactured building" does not include a lease of
11 a used manufactured building.

12 Sec. 12. Title 43, chapter 2, article 1, Arizona Revised Statutes, is
13 amended by adding section 43-209, to read:

14 43-209. Collection of tax on income of professional athletes
15 earned in this state; separate accounting for tax
16 revenue from professional football; definition

17 A. THE DEPARTMENT SHALL ADOPT AND ENFORCE RULES FOR THE COLLECTION OF
18 TAX UNDER THIS TITLE ON THE INCOME EARNED FOR SERVICES RENDERED IN THIS STATE
19 BY PROFESSIONAL ATHLETES AND EMPLOYEES OF PROFESSIONAL SPORT FRANCHISE
20 ORGANIZATIONS.

21 B. ON OR BEFORE DECEMBER 31 OF EACH YEAR EACH PROFESSIONAL FOOTBALL
22 FRANCHISE ORGANIZATION THAT IS DOMICILED IN THIS STATE SHALL PROVIDE TO THE
23 DEPARTMENT THE FEDERAL TAXPAYER IDENTIFICATION NUMBER, ASSIGNED PURSUANT TO
24 SECTION 6109 OF THE INTERNAL REVENUE CODE, FOR EACH RESIDENT AND NONRESIDENT
25 EMPLOYEE OF THE ORGANIZATION WHO RENDERED SERVICES IN THIS STATE FOR THE
26 ORGANIZATION DURING THE CALENDAR YEAR. UNLESS DUE TO REASONABLE CAUSE AND
27 NOT DUE TO WILFUL NEGLECT, A PROFESSIONAL FOOTBALL FRANCHISE ORGANIZATION
28 THAT FAILS TO PROVIDE TAXPAYER IDENTIFICATION NUMBERS PURSUANT TO THIS
29 SUBSECTION SHALL PAY A CIVIL PENALTY OF FIVE DOLLARS FOR EACH SUCH NUMBER.

30 C. FOR PURPOSES OF SECTION 42-1116, SUBSECTION C, ON OR BEFORE MARCH
31 OF EACH YEAR THE DEPARTMENT SHALL SEPARATELY ACCOUNT FOR AND REPORT TO THE
32 STATE TREASURER AS A SINGLE AGGREGATE AMOUNT THE TOTAL NET REVENUES COLLECTED
33 DURING THE PRECEDING CALENDAR YEAR FROM THE IMPOSITION OF TAX UNDER THIS
34 TITLE ON THE INCOME FROM ALL SOURCES OF:

35 1. ANY PROFESSIONAL FOOTBALL FRANCHISE ORGANIZATION THAT IS DOMICILED
36 IN THIS STATE.

37 2. RESIDENT AND NONRESIDENT EMPLOYEES OF ANY PROFESSIONAL FOOTBALL
38 FRANCHISE ORGANIZATION THAT IS DOMICILED IN THIS STATE. FOR REPORTING
39 PURPOSES UNDER THIS SUBSECTION, THE DEPARTMENT SHALL INCLUDE ALL INCOME
40 REPORTED ON JOINT RETURNS, REGARDLESS OF THE SPOUSE TO WHOM IT IS
41 ATTRIBUTABLE, AND THE INCOME OF AN EMPLOYEE'S SPOUSE THAT IS REPORTED ON A
42 SEPARATE RETURN.

43 D. FOR PURPOSES OF THIS SECTION, "PROFESSIONAL FOOTBALL FRANCHISE
44 ORGANIZATION" MEANS AN ORGANIZATION THAT HAS THE RIGHT TO FIELD A TEAM FOR
45 PARTICIPATION IN PROFESSIONAL FOOTBALL CONTESTS SCHEDULED BY A NATIONWIDE

1 LEAGUE DURING A REGULAR SEASON HELD IN THE MONTHS OF SEPTEMBER THROUGH
2 DECEMBER EACH YEAR.

3 Sec. 13. Section 48-4234, Arizona Revised Statutes, is amended to
4 read:

5 48-4234. Car rental surcharge for major league spring training:
6 rate; administration; credit; definition

7 A. If the board of directors determines that it is necessary in order
8 to retain, attract or relocate a major league baseball spring training
9 operation, the board may levy and, if levied, the department of revenue shall
10 collect a car rental surcharge pursuant to subsection B of this section in
11 addition to or in lieu of other revenues collected pursuant to this article
12 to be used and expended for the purposes set forth in section 48-4204,
13 subsection A. The surcharge is effective and shall be collected beginning
14 January 1 or July 1, whichever date first occurs at least three months after
15 the board approves the surcharge.

16 B. The board shall set the car rental surcharge as follows:

17 1. Except as provided in paragraph 2, at a rate not to exceed two
18 dollars fifty cents on each lease or rental of a motor vehicle licensed for
19 hire for less than one year and designed to carry fewer than fifteen
20 passengers regardless of whether such vehicle is licensed in this state.

21 2. In a county with a population of more than five hundred thousand
22 but less than two million persons, according to the most recent United States
23 decennial census, the board shall set the surcharge at a rate not to exceed
24 three dollars fifty cents on each lease or rental of a motor vehicle licensed
25 for hire for less than one year and designed to carry fewer than fifteen
26 passengers regardless of whether the vehicle is licensed in this state.

27 C. The surcharge is not taxable under section 42-5071.

28 D. THE SURCHARGE DOES NOT APPLY TO THE LEASE OR RENTAL OF A MOTOR
29 VEHICLE TO AN AUTOMOBILE DEALERSHIP, A REPAIR FACILITY, AN INSURANCE COMPANY
30 OR ANY OTHER PERSON THAT PROVIDES THAT VEHICLE AT NO CHARGE TO A PERSON WHOSE
31 OWN MOTOR VEHICLE IS BEING REPAIRED, ADJUSTED OR SERVICED.

32 E. THE SURCHARGE APPLIES THROUGHOUT THE DISTRICT, BUT IF A BUSINESS
33 DEMONSTRATES THAT IT IS SUBJECT TO A SURCHARGE IMPOSED BY THE VOTERS UNDER
34 SECTION 5-839, THE BUSINESS IS ENTITLED TO A CREDIT AGAINST THE SURCHARGE
35 IMPOSED PURSUANT TO THIS SECTION EQUAL TO THE AMOUNT OF THE SURCHARGE PAID
36 PURSUANT TO SECTION 5-839, EXCEPT THAT THE CREDIT SHALL NOT EXCEED THE AMOUNT
37 OF THE SURCHARGE IMPOSED PURSUANT TO THIS SECTION.

38 ~~D.~~ F. Unless the context otherwise requires, section 42-6102 governs
39 the administration of a surcharge imposed under this section which shall be
40 reported on a form prescribed by the department of revenue.

41 ~~E.~~ G. Each month the state treasurer shall remit to the district
42 treasurer the net revenues collected under this section during the preceding
43 month. The district treasurer shall deposit the monies in the county stadium
44 district fund.

1 ~~F.~~ H. The board of directors may pledge all or part of the surcharge
2 levied under this section to secure district bonds or financial obligations
3 under this chapter. The surcharge shall not be terminated until all bonds,
4 obligations and associated payments that are secured by the surcharge are
5 fully met and discharged.

6 ~~G.~~ I. For the purposes of this section, "motor vehicle" means a
7 self-propelled vehicle that is operated on the streets and highways of this
8 state, that is primarily intended to carry passengers and that is licensed
9 for hire in the district without a driver.

10 Sec. 14. Initial members and initial meeting of tourism and
11 sports authority board of directors

12 A. On the effective date of this act, the governor, president of the
13 senate and speaker of the house of representatives shall appoint the initial
14 members of the tourism and sports authority board of directors pursuant to
15 section 5-803, subsection A, Arizona Revised Statutes, as added by this act.
16 Section 38-211, Arizona Revised Statutes, applies to initial members
17 appointed by the governor.

18 B. The members of the initial board of directors shall meet within
19 three days after the effective date of this act. Notwithstanding section
20 5-803, subsection B, Arizona Revised Statutes, as added by this act, the
21 initial members shall assign themselves by lot to terms of three, four and
22 five years in office. The chairman who is appointed at the first meeting
23 shall notify the governor, the president of the senate and speaker of the
24 house of representatives of these initial terms. On the expiration of their
25 initial terms of office, members of the initial board may be reappointed for
26 one full subsequent term.

27 Sec. 15. Prerequisites for election

28 Before the election pursuant to section 16 of this act, the tourism and
29 sports authority, established by title 5, chapter 8, Arizona Revised
30 Statutes, as added by this act, shall:

31 1. Enter into a binding agreement with any party that will be a
32 regular user of the multipurpose facility and an initial lease term that
33 begins when the facility is complete and ends not sooner than the surcharge
34 and tax established by sections 5-839 and 5-840, Arizona Revised Statutes,
35 expire and that will be making a contribution to the cost of designing and
36 constructing the facility. Any such agreement with a professional football
37 franchise shall be consistent with industry standards and, in exchange for
38 the right to all football uses of the facility other than a major college
39 bowl game, require the franchise to provide eighty-five million dollars
40 toward the construction and development costs of the multipurpose
41 facility. As a condition to entering into the agreement, each party that
42 will be a regular user of the multipurpose facility shall pay to the
43 authority a fee for deposit in its facility revenue clearing account
44 established by section 5-834, Arizona Revised Statutes, as added by this
45 act. If the election pursuant to section 16 of this act is successful, the

1 user is entitled to credit against its capital contribution requirements for
2 the amount of the fee. The amount of the fee is:

3 (a) Two hundred thousand dollars for any professional football
4 franchise.

5 (b) Twenty-five thousand dollars for a tax-exempt nonprofit
6 organization that sponsors intercollegiate football bowl contests.

7 2. Select one or more sites for the multipurpose facility. In
8 selecting the location for the multipurpose facility, the authority shall
9 give special consideration to sites that are offered without cost in
10 determining the best financial circumstances to be considered with all other
11 factors in selecting the site or sites.

12 3. Enter into one or more agreements with a county or city or cities
13 in which the potential site or sites are located. The agreement:

14 (a) Shall address how the county or city will provide land, parking
15 and infrastructure needed for the facility.

16 (b) May require that if an ordinance of the county or city requires a
17 public vote for the county or city to participate in or fund the facility,
18 then the county or city election shall be held on the same date as the
19 election to be held under section 16 of this act, and that if the county or
20 city election is defeated on that date but the election held under section 16
21 is approved, the county or city may resubmit the issue to the qualified
22 electors of the county or city at the next regular county or city election.

23 4. Select a conceptual design for the multipurpose facility.

24 5. Establish a schedule for the design and construction of the
25 multipurpose facility.

26 6. Establish a budget for:

27 (a) The construction of the multipurpose facility.

28 (b) The operation, maintenance, marketing and promotion of the
29 multipurpose facility.

30 Sec. 16. Election to authorize car rental surcharge and tax on
31 hotels in tourism and sports authority

32 A. The tourism and sports authority and the county in which the
33 authority is established pursuant to this act shall enter into an
34 intergovernmental agreement pursuant to title 11, chapter 7, article 3,
35 Arizona Revised Statutes, to conduct an election in the authority on the date
36 of the next county general election. The election shall be called not later
37 than August 1, 2000. The issue shall be included in the regular county
38 general election, and that portion of the ballot shall contain the single
39 issue of approving the levy of both:

40 1. A car rental surcharge in the authority as provided by section
41 5-839, Arizona Revised Statutes, as added by this act.

42 2. A tax on hotels in the authority as provided by section 5-840,
43 Arizona Revised Statutes, as added by this act.

1 B. If a majority of the qualified electors in the authority who vote
2 on the issue approves the measure, the surcharge and tax shall be levied as
3 provided by law.

4 C. The authority and the county shall enter into an intergovernmental
5 agreement pursuant to title 11, chapter 7, article 3, Arizona Revised
6 Statutes, for the preparation and printing of a publicity pamphlet concerning
7 the ballot question and the distribution of one copy of the pamphlet at the
8 same time as provided by section 19-123, Arizona Revised Statutes. The
9 pamphlets shall contain the following information:

10 1. The purposes for which the revenues may be spent and the proposed
11 distribution of revenues over the course of the levy.

12 2. The number of years the levies will be in effect and an estimate of
13 the annual amount of revenues to be raised.

14 3. The costs of the multipurpose facility including a statement that
15 the county or city in which the multipurpose facility is located shall
16 provide the land, infrastructure and parking facilities associated with the
17 multipurpose facility.

18 4. A breakdown of the public monies to be expended on the multipurpose
19 facility, and the sources of these monies, and the private monies to be
20 expended, and the sources of these monies.

21 5. An estimate of the public economic benefits derived from the
22 multipurpose facility, major league baseball spring training facilities,
23 amateur sports recreational facilities and tourism promotion funded by the
24 revenues.

25 6. The form in which the measure will appear on the ballot, the
26 official title, the descriptive title containing the summary as provided in
27 subsection E of this section and the number by which the measure will be
28 designated.

29 7. Any arguments for and against the ballot measure. Affirmative
30 arguments, arranged in the order in which the elections director received
31 them, shall be placed before the negative arguments, also arranged in the
32 order in which they were received.

33 D. At least seventy-five days before the election a person may file
34 with the elections director an argument, not more than three hundred words in
35 length, advocating or opposing the ballot measure. The person who files the
36 argument shall also pay to the elections director a publication fee, not to
37 exceed twenty dollars, prescribed by the county board of supervisors. If the
38 argument is sponsored by one or more individuals, the argument shall be
39 signed by each sponsoring individual. If the argument is sponsored by one or
40 more organizations, the argument shall be signed by two executive officers of
41 each organization. If the argument is sponsored by one or more political
42 committees, the argument shall be signed by each committee's chairman or
43 treasurer. Payment of the fee required by this subsection, or reimbursement
44 of the payor, constitutes sponsorship of the argument. The names of persons
45 who have signed arguments and the names of sponsoring organizations shall

1 appear with the argument in the pamphlet. The person or persons signing the
2 argument shall also give their residence or post office address and a
3 telephone number, which shall not appear in the pamphlet.

4 E. In addition to any other ballot requirements prescribed by law, the
5 elections director shall cause to be printed on the official ballot all of
6 the following information prepared by the elections director:

7 1. The official title and number of the measure to be voted on at the
8 election.

9 2. A descriptive title, not exceeding fifty words, containing a
10 summary of the principal provisions of the measure and the purposes for which
11 the revenues may be spent.

12 3. The phrases:

13 A "yes" vote has the effect of funding a multipurpose
14 sport and event facility, youth and amateur sports recreational
15 facilities, tourism promotion and Cactus League facilities by
16 imposing a new local surcharge on car rentals and a new local
17 tax on hotels, in addition to other existing taxes throughout
18 the county for a period of thirty years. Over the thirty year
19 time period the money raised by the imposition of these new
20 taxes is projected to be expended as follows: twenty-seven per
21 cent for debt service for the multipurpose facility, twenty-nine
22 per cent for enhanced tourism promotion, thirty-one per cent for
23 Cactus League major league baseball facilities, five per cent
24 for amateur and youth sport facilities and three per cent for
25 stadium operations and five per cent for capital repairs and
26 replacement.

27 A "no" vote has the effect of rejecting a local
28 surcharge on car rentals and a local tax on hotels and removing
29 the authority to fund a multipurpose sport and event facility,
30 youth and amateur sports recreational facilities, tourism and
31 Cactus League facilities with these public funds.

32 Sec. 17. Retention of tax revenues pending funding of students
33 FIRST deficiencies corrections fund

34 Notwithstanding sections 5-839 and 5-840, Arizona Revised Statutes, as
35 added by this act:

36 1. The state treasurer shall retain revenues from the car rental
37 surcharge and tax on hotels that are payable to:

38 (a) The debt service account pursuant to section 5-835, subsection B,
39 paragraph 1, Arizona Revised Statutes, as added by this act.

40 (b) The tourism fund pursuant to section 5-835, subsection B, paragraph
41 2, Arizona Revised Statutes, as added by this act.

42 (c) The operating account pursuant to section 5-835, subsection B,
43 paragraph 4, Arizona Revised Statutes, as added by this act.

44 2. The state treasurer shall not transfer those monies to the stadium
45 and tourism authority established by title 5, chapter 8, Arizona Revised

1 Statutes, as added by this act, until the school facilities board, in
2 consultation with the governor's office of strategic planning and budgeting,
3 and after review by the joint legislative budget committee, certifies that
4 sufficient monies are dedicated to the deficiencies corrections fund to make
5 the school improvements required pursuant to section 15-2021, Arizona Revised
6 Statutes.

7 Sec. 18. Delayed effective date

8 Section 41-2306, Arizona Revised Statutes, as amended by section 3 of
9 this act, is effective from and after June 30, 2001.

10 Sec. 19. Conditional repeal

11 If a majority of the qualified electors voting on the issue in the
12 election held pursuant to section 16 of this act rejects the levy of a
13 surcharge on car rentals and a tax on hotels:

14 1. Sections 1 through 15 and 18 of this act are repealed from and
15 after November 30, 2000.

16 2. Any unexpended and unencumbered monies held as of November 30, 2000
17 in any funds or accounts of the tourism and sports authority established by
18 this act revert to the state general fund.

APPROVED BY THE GOVERNOR APRIL 24, 2000.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 25, 2000.