

State of Arizona  
House of Representatives  
Forty-ninth Legislature  
Seventh Special Session  
2010

**CHAPTER 12**  
**HOUSE BILL 2012**

AN ACT

AMENDING SECTIONS 5-504, 5-522, 5-554, 5-572 AND 5-804, ARIZONA REVISED STATUTES; AMENDING TITLE 6, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 16; AMENDING SECTIONS 9-626, 15-1682.03, 28-4802, 28-5808 AND 28-6543, ARIZONA REVISED STATUTES; REPEALING TITLE 28, CHAPTER 24, ARTICLE 1, ARIZONA REVISED STATUTES; AMENDING SECTION 36-274, ARIZONA REVISED STATUTES; REPEALING SECTIONS 41-175 AND 41-502, ARIZONA REVISED STATUTES; PROVIDING FOR THE DELAYED REPEAL OF TITLE 41, CHAPTER 3, ARTICLE 1, ARIZONA REVISED STATUTES; AMENDING SECTIONS 41-2306, 42-1004, 42-1114, 42-1118, 42-1125, 42-1129, 42-1151, 42-1152, 42-1153 AND 42-1201, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 1, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-1207; AMENDING SECTIONS 42-2003, 42-2066, 42-5014, 42-5029, 42-5070, 42-5073 AND 42-5074, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 4, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 43-418 AND 43-419; AMENDING SECTIONS 43-581, 43-582, 48-5103, 48-5104 AND 48-5314, ARIZONA REVISED STATUTES; MAKING APPROPRIATIONS; RELATING TO REVENUE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 5-504, Arizona Revised Statutes, is amended to  
3 read:

4 5-504. Commission; director; powers and duties; definitions

5 A. The commission shall meet with the director not less than once each  
6 quarter to make recommendations and set policy, receive reports from the  
7 director and transact other business properly brought before the commission.

8 B. The commission shall oversee a state lottery to produce the maximum  
9 amount of net revenue consonant with the dignity of the state. To achieve  
10 these ends, the commission shall authorize the director to adopt rules in  
11 accordance with title 41, chapter 6. Rules adopted by the director may  
12 include provisions relating to the following:

13 1. Subject to the approval of the commission, the types of lottery  
14 games and the types of game play-styles to be conducted.

15 2. The method of selecting the winning tickets or shares for  
16 noncomputerized online games, except that no method may be used ~~which~~ THAT,  
17 in whole or in part, depends on the results of a dog race, a horse race or  
18 any sporting event.

19 3. The manner of payment of prizes to the holders of winning tickets  
20 or shares, including providing for payment by the purchase of annuities in  
21 the case of prizes payable in installments, except that the commission staff  
22 shall examine claims and may not pay any prize based on altered, stolen or  
23 counterfeit tickets or based on any tickets ~~which~~ THAT fail to meet  
24 established validation requirements, including rules stated on the ticket or  
25 in the published game rules, and confidential validation tests applied  
26 consistently by the commission staff. No particular prize in a lottery game  
27 may be paid more than once, and in the event of a binding determination that  
28 more than one person is entitled to a particular prize, the sole remedy of  
29 the claimants is the award to each of them of an equal portion of the single  
30 prize.

31 4. The method to be used in selling tickets or shares, except that no  
32 elected official's name may be printed on such tickets or shares. The  
33 overall estimated odds of winning some prize or some cash prize, as  
34 appropriate, in a given game shall be printed on each ticket or share.

35 5. The licensing of agents to sell tickets or shares, except that a  
36 person who is under eighteen years of age shall not be licensed as an agent.

37 6. The manner and amount of compensation to be paid licensed sales  
38 agents necessary to provide for the adequate availability of tickets or  
39 shares to prospective buyers and for the convenience of the public, including  
40 provision for variable compensation based on sales volume.

41 7. Matters necessary or desirable for the efficient and economical  
42 operation and administration of the lottery and for the convenience of the  
43 purchasers of tickets or shares and the holders of winning tickets or shares.

1 C. The commission shall authorize the director to issue orders and  
2 shall approve orders issued by the director for the necessary operation of  
3 the lottery. Orders issued under this subsection may include provisions  
4 relating to the following:

5 1. The prices of tickets or shares in lottery games.

6 2. The themes, game play-styles, and names of lottery games and  
7 definitions of symbols and other characters used in lottery games, except  
8 that each ticket or share in a lottery game shall bear a unique  
9 distinguishable serial number.

10 3. The sale of tickets or shares at a discount for promotional  
11 purposes.

12 4. The prize structure of lottery games, including the number and size  
13 of prizes available. Available prizes may include free tickets in lottery  
14 games and merchandise prizes.

15 5. The frequency of drawings, if any, or other selections of winning  
16 tickets or shares, except that:

17 (a) All drawings shall be open to the public.

18 (b) The actual selection of winning tickets or shares may not be  
19 performed by an employee or member of the commission.

20 (c) Noncomputerized online game drawings shall be witnessed by an  
21 independent observer.

22 6. Requirements for eligibility for participation in grand drawings or  
23 other runoff drawings, including requirements for the submission of evidence  
24 of eligibility within a shorter period than that provided for claims by  
25 section 5-518.

26 7. Incentive and bonus programs designed to increase sales of lottery  
27 tickets or shares and to produce the maximum amount of net revenue for this  
28 state.

29 D. Notwithstanding title 41, chapter 6 and subsection B of this  
30 section, the director, subject to the approval of the commission, may  
31 establish a policy, procedure or practice that relates to an existing online  
32 game or a new online game ~~which~~ THAT is the same type and has the same type  
33 of game play-style as an online game currently being conducted by the lottery  
34 or may modify an existing rule for an existing online game or a new online  
35 game ~~which~~ THAT is the same type and has the same type of game play-style as  
36 an online game currently being conducted by the lottery, including  
37 establishing or modifying the matrix for an online game by giving notice of  
38 the establishment or modification at least thirty days before the effective  
39 date of the establishment or modification.

40 E. The commission shall maintain and make the following information  
41 available for public inspection at its offices during regular business hours:

42 1. A detailed listing of the estimated number of prizes of each  
43 particular denomination expected to be awarded in any instant game currently  
44 on sale.

1           2. After the end of the claim period prescribed by section 5-518, a  
2 listing of the total number of tickets or shares sold and the number of  
3 prizes of each particular denomination awarded in each lottery game.

4           3. Definitions of all play symbols and other characters used in each  
5 lottery game and instructions on how to play and how to win each lottery  
6 game.

7           F. Any information that is maintained by the commission and that would  
8 assist a person in locating or identifying a winning ticket or share or that  
9 would otherwise compromise the integrity of any lottery game is deemed  
10 confidential and is not subject to public inspection.

11           G. The commission, in addition to other games authorized by this  
12 article, shall establish two special games for each year to be conducted  
13 concurrently with other lottery games authorized under subsection B of this  
14 section. The monies for prizes, for operating expenses and for payment to  
15 the commerce and economic development commission fund, as provided in section  
16 5-522, subsection A, paragraph 2, shall be accounted for separately as nearly  
17 as practicable in the lottery commission's general accounting system. The  
18 monies shall be derived from the revenues of the special games, and monies  
19 for prizes do not become an expense to the lottery commission's annual  
20 appropriation as provided in section 5-505, subsection D and section 5-522,  
21 subsection ~~J~~ H. Monies saved from the revenues of the special games, by  
22 reason of operating efficiencies, shall become other revenue of the lottery  
23 commission and revert to the state general fund.

24           H. The commission, in addition to other games authorized by this  
25 article, may establish multistate lottery games to be conducted concurrently  
26 with other lottery games authorized under subsections B and G of this  
27 section. The monies for prizes, for operating expenses and for payment to  
28 ~~the local transportation assistance fund, as provided in section 28-8101, and~~  
29 the state general fund shall be accounted for separately as nearly as  
30 practicable in the lottery commission's general accounting system. The  
31 monies shall be derived from the revenues of multistate lottery games.

32           I. The commission or director shall not establish or operate any  
33 online or electronic keno game or any game played on the internet.

34           J. The commission or director shall not establish or operate any  
35 lottery game or any type of game play-style, either individually or in  
36 combination, that uses gaming devices or video lottery terminals as those  
37 terms are used in section 5-601.02, including monitor games that produce or  
38 display outcomes or results more than once per hour.

39           K. The director shall print, in a prominent location on each lottery  
40 ticket or share, a statement that help is available if a person has a problem  
41 with gambling and a toll-free telephone number where problem gambling  
42 assistance is available. The director shall require all licensed agents to  
43 post a sign with the statement that help is available if a person has a  
44 problem with gambling and the toll-free telephone number at the point of sale  
45 as prescribed and supplied by the director. The requirements of this  
46 subsection apply to tickets and shares printed after July 18, 2000.

1 L. For the purposes of this section:

2 1. "Game play-style" means the process or procedure that a player must  
3 follow to determine if a lottery ticket or share is a winning ticket or  
4 share.

5 2. "Matrix" means the odds of winning a prize and the prize payout  
6 amounts in a given game.

7 Sec. 2. Section 5-522, Arizona Revised Statutes, is amended to read:  
8 5-522. Use of monies in state lottery fund; report

9 A. The monies in the state lottery fund shall be expended only for the  
10 following purposes and in the order provided:

11 1. For the expenses of the commission incurred in carrying out its  
12 powers and duties and in the operation of the lottery.

13 2. For payment to the commerce and economic development commission  
14 fund established by section 41-1505.10 of not less than twenty-one and  
15 one-half per cent of the revenues received from the sale of two special  
16 lottery games conducted for the benefit of economic development.

17 ~~3. Except as provided in subsection F of this section, for payment to~~  
18 ~~the local transportation assistance fund established by section 28-8101 of~~  
19 ~~not less than nine million dollars, increasing each year that total revenues~~  
20 ~~to the state lottery fund increase up to a maximum of eighteen million~~  
21 ~~dollars each fiscal year, except that payments pursuant to this paragraph~~  
22 ~~shall not increase by more than ten per cent per year.~~

23 ~~B. Of the monies remaining in the state lottery fund after the~~  
24 ~~appropriations authorized in subsection A of this section, up to a maximum of~~  
25 ~~twenty three million dollars each fiscal year shall be deposited in the local~~  
26 ~~transportation assistance fund established by section 28-8101 and up to a~~  
27 ~~maximum of seven million six hundred fifty thousand dollars each fiscal year~~  
28 ~~shall be deposited in the county assistance fund established by section~~  
29 ~~41-175. Monies distributed pursuant to this subsection shall be in addition~~  
30 ~~to monies distributed pursuant to subsection A, paragraph 3 of this section.~~

31 ~~C. Notwithstanding subsection B of this section, if the state lottery~~  
32 ~~director determines at the beginning of any fiscal year that monies available~~  
33 ~~to cities, towns and counties under this section may not equal thirty million~~  
34 ~~six hundred fifty thousand dollars, the director shall not authorize deposits~~  
35 ~~to the county assistance fund until the deposits to the local transportation~~  
36 ~~assistance fund equal twenty-three million dollars.~~

37 ~~D.~~ B. Of the monies remaining in the state lottery fund each fiscal  
38 year after appropriations and deposits authorized in ~~subsections~~ SUBSECTION  
39 A, ~~B and C~~ of this section, ~~ten million dollars shall be deposited in the~~  
40 ~~Arizona state parks board heritage fund established by section 41-502 and ten~~  
41 million dollars shall be deposited in the Arizona game and fish commission  
42 heritage fund established by section 17-297.

43 ~~E.~~ C. Of the monies remaining in the state lottery fund each fiscal  
44 year after appropriations and deposits authorized in subsections A, ~~AND B, C~~  
45 ~~and D~~ of this section, ~~and appropriations and deposits to the local~~  
46 ~~transportation assistance fund authorized by this section,~~ five million

1 dollars shall be allocated to the department of economic security for the  
2 healthy families program established by section 8-701, four million dollars  
3 shall be allocated to the Arizona board of regents for the Arizona area  
4 health education system established by section 15-1643, three million dollars  
5 shall be allocated to the department of health services to fund the teenage  
6 pregnancy prevention programs established in Laws 1995, chapter 190, sections  
7 2 and 3, two million dollars shall be allocated to the department of health  
8 services for the health start program established by section 36-697, two  
9 million dollars shall be deposited in the disease control research fund  
10 established by section 36-274 and one million dollars shall be allocated to  
11 the department of health services for the federal women, infants and children  
12 food program. The allocations in this subsection shall be adjusted annually  
13 according to changes in the GDP price deflator as defined in section 41-563  
14 and the allocations are exempt from the provisions of section 35-190,  
15 relating to lapsing of appropriations. If there are not sufficient monies  
16 available pursuant to this subsection, the allocation of monies for each  
17 program shall be reduced on a pro rata basis.

18 ~~F. D. Notwithstanding subsection A, paragraph 3 of this section,~~ If  
19 the state lottery director determines that monies available to the state  
20 general fund may not equal ~~thirty-one million~~ EIGHTY MILLION SIX HUNDRED  
21 FIFTY THOUSAND dollars in a fiscal year, the director shall not authorize  
22 deposits to the ~~local transportation assistance~~ ARIZONA GAME AND FISH  
23 COMMISSION HERITAGE fund pursuant to subsection ~~A, paragraph 3~~ B of this  
24 section until the deposits to the state general fund equal ~~thirty-one million~~  
25 EIGHTY MILLION SIX HUNDRED FIFTY THOUSAND dollars in a fiscal year.

26 ~~G. E.~~ E. Of the monies remaining in the state lottery fund each fiscal  
27 year after appropriations and deposits authorized in subsections A through ~~F~~  
28 D of this section, one million dollars or the remaining balance in the fund,  
29 whichever is less, is appropriated to the department of economic security for  
30 grants to nonprofit organizations, including faith based organizations, for  
31 homeless emergency and transitional shelters and related support services.  
32 The department of economic security shall submit a report on the amounts,  
33 recipients, purposes and results of each grant to the governor, the speaker  
34 of the house of representatives and the president of the senate on or before  
35 December 31 of each year for the prior fiscal year and shall provide a copy  
36 of this report to the secretary of state.

37 ~~H. F.~~ F. Beginning in fiscal year ~~2009-2010~~ 2010-2011, of the monies  
38 remaining in the state lottery fund each fiscal year after appropriations and  
39 deposits authorized in subsections A through ~~G~~ E of this section, and after  
40 a total of at least ~~forty-six million four hundred ninety thousand~~ NINETY-SIX  
41 MILLION ONE HUNDRED FORTY THOUSAND dollars has been deposited in the state  
42 general fund, the remaining balance in the state lottery fund shall be  
43 deposited in the university capital improvement lease-to-own and bond fund  
44 established by section 15-1682.03, up to a maximum of eighty per cent of the  
45 total annual payments of lease-to-own and bond agreements entered into by the  
46 Arizona board of regents.

1           ~~F~~ G. All monies remaining in the state lottery fund after the  
2 appropriations and deposits authorized in this section shall be deposited in  
3 the state general fund.

4           ~~F~~ H. Except for monies expended for prizes as provided in section  
5 5-504, subsection G and section 41-1505.10, monies expended under subsection  
6 A of this section are subject to legislative appropriation.

7           Sec. 3. Section 5-554, Arizona Revised Statutes, is amended to read:  
8           5-554. Commission; director; powers and duties; definitions

9           A. The commission shall meet with the director not less than once each  
10 quarter to make recommendations and set policy, receive reports from the  
11 director and transact other business properly brought before the commission.

12           B. The commission shall oversee a state lottery to produce the maximum  
13 amount of net revenue consonant with the dignity of the state. To achieve  
14 these ends, the commission shall authorize the director to adopt rules in  
15 accordance with title 41, chapter 6. Rules adopted by the director may  
16 include provisions relating to the following:

17           1. Subject to the approval of the commission, the types of lottery  
18 games and the types of game play-styles to be conducted.

19           2. The method of selecting the winning tickets or shares for  
20 noncomputerized online games, except that no method may be used ~~which~~ THAT,  
21 in whole or in part, depends on the results of a dog race, a horse race or  
22 any sporting event.

23           3. The manner of payment of prizes to the holders of winning tickets  
24 or shares, including providing for payment by the purchase of annuities in  
25 the case of prizes payable in installments, except that the commission staff  
26 shall examine claims and may not pay any prize based on altered, stolen or  
27 counterfeit tickets or based on any tickets ~~which~~ THAT fail to meet  
28 established validation requirements, including rules stated on the ticket or  
29 in the published game rules, and confidential validation tests applied  
30 consistently by the commission staff. No particular prize in a lottery game  
31 may be paid more than once, and in the event of a binding determination that  
32 more than one person is entitled to a particular prize, the sole remedy of  
33 the claimants is the award to each of them of an equal portion of the single  
34 prize.

35           4. The method to be used in selling tickets or shares, except that no  
36 elected official's name may be printed on such tickets or shares. The  
37 overall estimated odds of winning some prize or some cash prize, as  
38 appropriate, in a given game shall be printed on each ticket or share.

39           5. The licensing of agents to sell tickets or shares, except that a  
40 person who is under eighteen years of age shall not be licensed as an agent.

41           6. The manner and amount of compensation to be paid licensed sales  
42 agents necessary to provide for the adequate availability of tickets or  
43 shares to prospective buyers and for the convenience of the public, including  
44 provision for variable compensation based on sales volume.

1           7. Matters necessary or desirable for the efficient and economical  
2 operation and administration of the lottery and for the convenience of the  
3 purchasers of tickets or shares and the holders of winning tickets or shares.

4           C. The commission shall authorize the director to issue orders and  
5 shall approve orders issued by the director for the necessary operation of  
6 the lottery. Orders issued under this subsection may include provisions  
7 relating to the following:

8           1. The prices of tickets or shares in lottery games.

9           2. The themes, game play-styles, and names of lottery games and  
10 definitions of symbols and other characters used in lottery games, except  
11 that each ticket or share in a lottery game shall bear a unique  
12 distinguishable serial number.

13           3. The sale of tickets or shares at a discount for promotional  
14 purposes.

15           4. The prize structure of lottery games, including the number and size  
16 of prizes available. Available prizes may include free tickets in lottery  
17 games and merchandise prizes.

18           5. The frequency of drawings, if any, or other selections of winning  
19 tickets or shares, except that:

20           (a) All drawings shall be open to the public.

21           (b) The actual selection of winning tickets or shares may not be  
22 performed by an employee or member of the commission.

23           (c) Noncomputerized online game drawings shall be witnessed by an  
24 independent observer.

25           6. Requirements for eligibility for participation in grand drawings or  
26 other runoff drawings, including requirements for the submission of evidence  
27 of eligibility within a shorter period than that provided for claims by  
28 section 5-568.

29           7. Incentive and bonus programs designed to increase sales of lottery  
30 tickets or shares and to produce the maximum amount of net revenue for this  
31 state.

32           D. Notwithstanding title 41, chapter 6 and subsection B of this  
33 section, the director, subject to the approval of the commission, may  
34 establish a policy, procedure or practice that relates to an existing online  
35 game or a new online game ~~which~~ THAT is the same type and has the same type  
36 of game play-style as an online game currently being conducted by the lottery  
37 or may modify an existing rule for an existing online game or a new online  
38 game ~~which~~ THAT is the same type and has the same type of game play-style as  
39 an online game currently being conducted by the lottery, including  
40 establishing or modifying the matrix for an online game by giving notice of  
41 the establishment or modification at least thirty days before the effective  
42 date of the establishment or modification.

43           E. The commission shall maintain and make the following information  
44 available for public inspection at its offices during regular business hours:



1           1. A detailed listing of the estimated number of prizes of each  
2 particular denomination expected to be awarded in any instant game currently  
3 on sale.

4           2. After the end of the claim period prescribed by section 5-568, a  
5 listing of the total number of tickets or shares sold and the number of  
6 prizes of each particular denomination awarded in each lottery game.

7           3. Definitions of all play symbols and other characters used in each  
8 lottery game and instructions on how to play and how to win each lottery  
9 game.

10          F. Any information that is maintained by the commission and that would  
11 assist a person in locating or identifying a winning ticket or share or that  
12 would otherwise compromise the integrity of any lottery game is deemed  
13 confidential and is not subject to public inspection.

14          G. The commission, in addition to other games authorized by this  
15 article, shall establish two special games for each year to be conducted  
16 concurrently with other lottery games authorized under subsection B of this  
17 section. The monies for prizes, for operating expenses and for payment to  
18 the commerce and economic development commission fund, as provided in section  
19 5-572, subsection A, paragraph 2, shall be accounted for separately as nearly  
20 as practicable in the lottery commission's general accounting system. The  
21 monies shall be derived from the revenues of the special games, and monies  
22 for prizes do not become an expense to the lottery commission's annual  
23 appropriation as provided in section 5-555, subsection D and section 5-572,  
24 subsection J. Monies saved from the revenues of the special games, by reason  
25 of operating efficiencies, shall become other revenue of the lottery  
26 commission and revert to the state general fund.

27          H. The commission, in addition to other games authorized by this  
28 article, may establish multistate lottery games to be conducted concurrently  
29 with other lottery games authorized under subsections B and G of this  
30 section. The monies for prizes, for operating expenses and for payment to  
31 ~~the local transportation assistance fund, as provided in section 28-8101, and~~  
32 the state general fund shall be accounted for separately as nearly as  
33 practicable in the lottery commission's general accounting system. The  
34 monies shall be derived from the revenues of multistate lottery games.

35          I. The commission or director shall not establish or operate any  
36 online or electronic keno game or any game played on the internet.

37          J. The commission or director shall not establish or operate any  
38 lottery game or any type of game play-style, either individually or in  
39 combination, that uses gaming devices or video lottery terminals as those  
40 terms are used in section 5-601.02, including monitor games that produce or  
41 display outcomes or results more than once per hour.

42          K. The director shall print, in a prominent location on each lottery  
43 ticket or share, a statement that help is available if a person has a problem  
44 with gambling and a toll-free telephone number where problem gambling  
45 assistance is available. The director shall require all licensed agents to  
46 post a sign with the statement that help is available if a person has a

1 problem with gambling and the toll-free telephone number at the point of sale  
2 as prescribed and supplied by the director. The requirements of this  
3 subsection apply to tickets and shares printed after July 18, 2000.

4 L. For the purposes of this section:

5 1. "Game play-style" means the process or procedure that a player must  
6 follow to determine if a lottery ticket or share is a winning ticket or  
7 share.

8 2. "Matrix" means the odds of winning a prize and the prize payout  
9 amounts in a given game.

10 Sec. 4. Section 5-572, Arizona Revised Statutes, is amended to read:

11 5-572. Use of monies in state lottery fund; report

12 A. If there are any bonds or bond related obligations payable from the  
13 state lottery revenue bond debt service fund, the state lottery revenue bond  
14 debt service fund shall be secured by a first lien on the monies in the state  
15 lottery fund after the payment of operating costs of the lottery, as  
16 prescribed in section 5-555, subsection A, paragraph 1, until the state  
17 lottery bond debt service fund contains sufficient monies to meet all the  
18 requirements for the current period as required by the bond documents. Debt  
19 service for revenue bonds issued pursuant to this chapter shall be paid first  
20 from monies that would have otherwise been deposited pursuant to this section  
21 in the state general fund. After the requirements for the current period have  
22 been satisfied as required by the bond documents, the monies in the state  
23 lottery fund shall be expended only for the following purposes and in the  
24 order provided:

25 1. For the expenses of the commission incurred in carrying out its  
26 powers and duties and in the operation of the lottery.

27 2. For payment to the commerce and economic development commission  
28 fund established by section 41-1505.10 of not less than twenty-one and  
29 one-half per cent of the revenues received from the sale of two special  
30 lottery games conducted for the benefit of economic development.

31 ~~3. Except as provided in subsection F of this section, for payment to~~  
32 ~~the local transportation assistance fund established by section 28-8101 of~~  
33 ~~not less than nine million dollars, increasing each year that total revenues~~  
34 ~~to the state lottery fund increase up to a maximum of eighteen million~~  
35 ~~dollars each fiscal year, except that payments pursuant to this paragraph~~  
36 ~~shall not increase by more than ten per cent per year.~~

37 ~~B. Of the monies remaining in the state lottery fund after the~~  
38 ~~appropriations authorized in subsection A of this section, up to a maximum of~~  
39 ~~twenty-three million dollars each fiscal year shall be deposited in the local~~  
40 ~~transportation assistance fund established by section 28-8101 and up to a~~  
41 ~~maximum of seven million six hundred fifty thousand dollars each fiscal year~~  
42 ~~shall be deposited in the county assistance fund established by section~~  
43 ~~41-175. Monies distributed pursuant to this subsection shall be in addition~~  
44 ~~to monies distributed pursuant to subsection A, paragraph 3 of this section.~~

45 ~~C. Notwithstanding subsection B of this section, if the state lottery~~  
46 ~~director determines at the beginning of any fiscal year that monies available~~

1 ~~to cities, towns and counties under this section may not equal thirty million~~  
2 ~~six hundred fifty thousand dollars, the director shall not authorize deposits~~  
3 ~~to the county assistance fund until the deposits to the local transportation~~  
4 ~~assistance fund equal twenty three million dollars.~~

5 ~~D.~~ B. Of the monies remaining in the state lottery fund each fiscal  
6 year after appropriations and deposits authorized in ~~subsections~~ SUBSECTION  
7 A, ~~B and C~~ of this section, ~~ten million dollars shall be deposited in the~~  
8 ~~Arizona state parks board heritage fund established by section 41-502 and ten~~  
9 million dollars shall be deposited in the Arizona game and fish commission  
10 heritage fund established by section 17-297.

11 ~~E.~~ C. Of the monies remaining in the state lottery fund each fiscal  
12 year after appropriations and deposits authorized in subsections A, ~~AND B, C~~  
13 ~~and D~~ of this section, ~~and appropriations and deposits to the local~~  
14 ~~transportation assistance fund authorized by this section,~~ five million  
15 dollars shall be allocated to the department of economic security for the  
16 healthy families program established by section 8-701, four million dollars  
17 shall be allocated to the Arizona board of regents for the Arizona area  
18 health education system established by section 15-1643, three million dollars  
19 shall be allocated to the department of health services to fund the teenage  
20 pregnancy prevention programs established in Laws 1995, chapter 190, sections  
21 2 and 3, two million dollars shall be allocated to the department of health  
22 services for the health start program established by section 36-697, two  
23 million dollars shall be deposited in the disease control research fund  
24 established by section 36-274 and one million dollars shall be allocated to  
25 the department of health services for the federal women, infants and children  
26 food program. The allocations in this subsection shall be adjusted annually  
27 according to changes in the GDP price deflator as defined in section 41-563  
28 and the allocations are exempt from the provisions of section 35-190,  
29 relating to lapsing of appropriations. If there are not sufficient monies  
30 available pursuant to this subsection, the allocation of monies for each  
31 program shall be reduced on a pro rata basis.

32 ~~F.~~ D. ~~Notwithstanding subsection A, paragraph 3 of this section,~~ If  
33 the state lottery director determines that monies available to the state  
34 general fund may not equal ~~thirty one million~~ EIGHTY MILLION SIX HUNDRED  
35 FIFTY THOUSAND dollars in a fiscal year, the director shall not authorize  
36 deposits to the ~~local transportation assistance~~ ARIZONA GAME AND FISH  
37 COMMISSION HERITAGE fund pursuant to subsection A, ~~paragraph 3~~ B of this  
38 section until the deposits to the state general fund equal ~~thirty one million~~  
39 EIGHTY MILLION SIX HUNDRED FIFTY THOUSAND dollars in a fiscal year.

40 ~~G.~~ E. Of the monies remaining in the state lottery fund each fiscal  
41 year after appropriations and deposits authorized in subsections A through ~~F~~  
42 D of this section, one million dollars or the remaining balance in the fund,  
43 whichever is less, is appropriated to the department of economic security for  
44 grants to nonprofit organizations, including faith based organizations, for  
45 homeless emergency and transitional shelters and related support services.  
46 The department of economic security shall submit a report on the amounts,

1 recipients, purposes and results of each grant to the governor, the speaker  
2 of the house of representatives and the president of the senate on or before  
3 December 31 of each year for the prior fiscal year and shall provide a copy  
4 of this report to the secretary of state.

5 ~~H.~~ F. Of the monies remaining in the state lottery fund each fiscal  
6 year after appropriations and deposits authorized in subsections A through ~~G~~  
7 ~~E~~ of this section, and after a total of at least ~~forty-six million four~~  
8 ~~hundred ninety thousand~~ NINETY-SIX MILLION ONE HUNDRED FORTY THOUSAND dollars  
9 has been deposited in the state general fund, the remaining balance in the  
10 state lottery fund shall be deposited in the university capital improvement  
11 lease-to-own and bond fund established by section 15-1682.03, up to a maximum  
12 of eighty per cent of the total annual payments of lease-to-own and bond  
13 agreements entered into by the Arizona board of regents.

14 ~~I.~~ G. All monies remaining in the state lottery fund after the  
15 appropriations and deposits authorized in this section shall be deposited in  
16 the state general fund.

17 ~~J.~~ H. Except for monies expended for prizes as provided in section  
18 5-554, subsection G and section 41-1505.10 and for debt service of revenue  
19 bonds as provided in subsection A of this section, monies expended under  
20 subsection A of this section are subject to legislative appropriation.

21 Sec. 5. Section 5-804, Arizona Revised Statutes, is amended to read:

22 5-804. Administrative powers and duties

23 A. The board of directors, on behalf of the authority, may:

24 1. Adopt and use a corporate seal.

25 2. Sue and be sued.

26 3. Enter into contracts, including intergovernmental agreements under  
27 title 11, chapter 7, article 3, as necessary to carry out the purposes and  
28 requirements of this chapter.

29 4. Enter into an intergovernmental agreement under title 11, chapter  
30 7, article 3 with the Arizona exposition and state fair board for the joint  
31 use of properties and facilities, sharing administration, personnel and  
32 resources and other matters that are beneficial to the purposes of the  
33 multipurpose facility and the state fair.

34 5. Adopt administrative rules as necessary to administer and operate  
35 the authority and any property under its jurisdiction.

36 6. Acquire by any lawful means and operate, maintain, encumber and  
37 dispose of real and personal property and interests in property.

38 7. Retain legal counsel and other consultants as necessary to carry  
39 out the purposes of the authority.

40 8. Enter into contracts with a professional football league for its  
41 championship game or with a nonprofit community based organization that  
42 operates or administers an intercollegiate national championship game that  
43 provide for the payment to the league or organization of transaction  
44 privilege tax revenues derived pursuant to section 42-5073, subsection ~~G~~ F,  
45 paragraph 1 from sales of admissions to these championship games if the  
46 authority has fully paid the current year's required principal and interest

1 payments on any outstanding authority bonds for which these revenues were  
2 pledged pursuant to article 3 of this chapter.

3 9. Enter into contracts with a nonprofit community based organization  
4 that sponsors an intercollegiate national championship game that ~~provides~~  
5 ~~PROVIDE~~ for the payment to the organization of a ticket surcharge or facility  
6 user fee associated with parking if the authority has fully paid the current  
7 year's required principal and interest payments on any outstanding authority  
8 bonds for which these revenues were pledged pursuant to article 3 of this  
9 chapter.

10 B. The board of directors shall:

11 1. Appoint from among its members a chairman, a secretary and such  
12 other officers as may be necessary to conduct its business.

13 2. Employ an executive director and prescribe the terms and conditions  
14 of employment.

15 3. Keep and maintain a complete and accurate record of all of its  
16 proceedings. The board is a public body for purposes of title 38, chapter 3,  
17 article 3.1 and title 39, chapter 1.

18 4. Provide for the use, maintenance and operation of the properties  
19 and interests owned or controlled by the authority.

20 5. On or before September 12, 2002, approve a site for the  
21 construction of the multipurpose facility proposed at any time before that  
22 date by site hosts.

23 Sec. 6. Title 6, Arizona Revised Statutes, is amended by adding  
24 chapter 16, to read:

25 CHAPTER 16

26 FINANCIAL INSTITUTIONS DATA MATCH AND DATA EXCHANGE

27 ARTICLE 1. GENERAL PROVISIONS

28 6-1601. Financial institutions data match and data exchange:  
29 surrender of assets of delinquent taxpayer:  
30 nonliability

31 A. FINANCIAL INSTITUTIONS MAY ENTER INTO AGREEMENTS WITH THE  
32 DEPARTMENT OF REVENUE FOR DATA MATCH AND DATA EXCHANGE AS PRESCRIBED BY  
33 SECTION 42-1207.

34 B. ON RECEIPT OF A NOTICE OF LEVY, A FINANCIAL INSTITUTION SHALL  
35 ENCUMBER OR SURRENDER, AS APPROPRIATE, ASSETS HELD BY THE FINANCIAL  
36 INSTITUTION ON BEHALF OF A DELINQUENT TAXPAYER. IF THE FINANCIAL INSTITUTION  
37 RECEIVES TWO NOTICES OF LEVY ON THE SAME DAY FOR THE SAME PERSON, A LEVY  
38 ISSUED TO COLLECT CHILD SUPPORT PURSUANT TO SECTION 25-521 HAS PRIORITY OVER  
39 A LEVY ISSUED PURSUANT TO THIS SECTION.

40 C. NOTWITHSTANDING ANY OTHER LAW, A FINANCIAL INSTITUTION IS NOT  
41 SUBJECT TO CIVIL LIABILITY FOR EITHER:

42 1. DISCLOSING TO THE DEPARTMENT OF REVENUE OR ITS AGENT A PERSON'S  
43 FINANCIAL RECORD PURSUANT TO SECTION 42-1207 OR ANY ACTS OF OMISSION THAT ARE  
44 INADVERTENT AND MADE IN GOOD FAITH.

1           2. ENCUMBERING OR SURRENDERING ANY ASSETS HELD BY THE FINANCIAL  
2 INSTITUTION IN RESPONSE TO A NOTICE OF LEVY THAT IS ISSUED BY THE DEPARTMENT  
3 OF REVENUE OR FOR ANY ACTION TAKEN IN GOOD FAITH TO COMPLY WITH THIS SECTION.

4           D. THE REMEDY UNDER SUBSECTION B OF THIS SECTION IS LIMITED TO  
5 COLLECTION OF DELINQUENT TAXES, PENALTIES AND INTEREST.

6           Sec. 7. Section 9-626, Arizona Revised Statutes, is amended to read:  
7           9-626. Construction progress reports; auditor general  
8           performance measures

9           A. The eligible city shall report progress on the development of any  
10 eligible project to the joint committee on capital review twice annually  
11 during construction of the eligible project.

12           B. Within five years after the filing of the certificate of completion  
13 of construction of an eligible project pursuant to section 9-622, and after  
14 consultation with the eligible city, the auditor general shall conduct or  
15 contract for an economic and fiscal impact analysis of the eligible project  
16 in its fifth year of operation following the filing of the certificate of  
17 completion of construction. At a minimum, the analysis shall:

18           1. Estimate the effects of direct, indirect and induced economic  
19 activity in this state associated with:

20           (a) Regional and national conventions and trade shows held at the site  
21 of the eligible project, the total amount of state general fund revenues  
22 derived from that economic activity and the estimated average annual  
23 attendance at those events assuming:

24           (i) The eligible project had not been completed.

25           (ii) The eligible project has been completed.

26           (b) The construction of the eligible project and the total amount of  
27 state general fund revenues derived from the construction activity.

28           2. Compute the total cumulative amount of distributions pursuant to  
29 section 9-602 for the first through fifth years following the filing of the  
30 certificate of completion of construction for the eligible project pursuant  
31 to section 9-622 and from the first through each subsequent fifth year.

32           3. Compute the net cumulative distributions for the eligible project  
33 by subtracting the amount determined pursuant to paragraph 1, subdivision (b)  
34 of this subsection from either the amounts determined pursuant to paragraph 2  
35 of this subsection or, if applicable, the amount of state monies paid under a  
36 lease purchase agreement pursuant to section 41-791.04.

37           4. Based on the analysis conducted pursuant to this subsection,  
38 estimate the minimum required attendance at the eligible project for the  
39 fifth year following the filing of the certificate of completion of  
40 construction of an eligible project pursuant to section 9-622 and each year  
41 thereafter. The estimates shall be computed as follows:

42           (a) Divide the total state general fund revenues estimated pursuant to  
43 paragraph 1, subdivision (a), item (ii) of this subsection by the attendance  
44 estimated pursuant to paragraph 1, subdivision (a), item (ii) of this  
45 subsection.

1 (b) Divide the net cumulative distribution amounts for the fifth year  
2 following the filing of the certificate of completion of construction of an  
3 eligible project pursuant to section 9-622 and each year thereafter computed  
4 pursuant to paragraph 3 of this subsection by the quotient computed pursuant  
5 to subdivision (a) of this paragraph.

6 (c) Add the average annual attendance estimated pursuant to paragraph  
7 1, subdivision (a), item (i) of this subsection to each of the quotients  
8 determined pursuant to subdivision (b) of this paragraph. The resulting sums  
9 are the minimum required attendance amounts for each year.

10 C. Beginning in the fifth calendar year following the filing of the  
11 certificate of completion of construction of an eligible project pursuant to  
12 section 9-622 and each year thereafter, the auditor general shall:

13 1. Estimate the average annual attendance at regional and national  
14 conventions and trade shows held at the site of the eligible project using  
15 any appropriate method to estimate the attendance. The eligible city shall  
16 cooperate with and assist the auditor general in developing the estimates.

17 2. Compute the ratio of the cumulative sum of the estimated attendance  
18 amounts developed pursuant to paragraph 1 of this subsection for all years  
19 through the current year to the cumulative sum of the minimum required  
20 attendance amounts for those years computed pursuant to subsection B,  
21 paragraph 4, subdivision (c) of this section.

22 3. Notify the president of the senate, the speaker of the house of  
23 representatives and the governor of:

24 (a) The minimum required attendance amounts for those years computed  
25 pursuant to subsection B, paragraph 4, subdivision (c) of this section.

26 (b) The attendance estimate developed pursuant to paragraph 1 of this  
27 subsection.

28 (c) The ratio computed pursuant to paragraph 2 of this subsection.

29 D. Except as provided in paragraph 4 of this subsection, if the ratio  
30 computed pursuant to subsection C, paragraph 2 of this section is less than  
31 one:

32 1. The auditor general shall compute the difference between the  
33 estimated state general fund revenues and the net cumulative distributions by  
34 multiplying the net cumulative distributions computed pursuant to subsection  
35 B, paragraph 3 of this section by the difference between the ratio computed  
36 pursuant to subsection C, paragraph 2 of this section and one.

37 2. The auditor general shall notify the state treasurer of:

38 (a) The ratio computed pursuant to subsection C, paragraph 2 of this  
39 section.

40 (b) The difference computed pursuant to paragraph 1 of this  
41 subsection.

42 3. At the time of the next regularly scheduled distribution, the state  
43 treasurer shall withhold from the amount that would otherwise be distributed  
44 to the eligible city ~~from the local transportation assistance fund~~ pursuant  
45 to section ~~28-8102~~ 42-5029 an amount equal to the amount stated in the notice  
46 received pursuant to paragraph 2 of this subsection. If the amount available



1 for distribution is less than the amount to be withheld, the state treasurer  
2 shall continue withholding from subsequent distributions until the full  
3 amount stated in the notice has been withheld.

4 4. The eligible city may request and the auditor general shall conduct  
5 or contract for a complete economic and fiscal impact analysis of the  
6 eligible project. If an analysis is requested:

7 (a) The auditor general shall not notify the state treasurer pursuant  
8 to paragraph 2 of this subsection, and the state treasurer shall not withhold  
9 pursuant to paragraph 3 of this subsection, pending completion of the  
10 analysis.

11 (b) The analysis shall be similar to the analysis described in  
12 subsection B of this section, except that the analysis shall examine the  
13 operations of the eligible project in the year for which the ratio is less  
14 than one.

15 (c) The analysis, at a minimum, shall estimate the total cumulative  
16 incremental revenues to the state general fund resulting from the completion  
17 of the eligible project including the revenues resulting from the  
18 construction activity associated with the completion of the eligible project.

19 (d) And the analysis demonstrates that the total cumulative  
20 incremental revenues to the state general fund exceed the total cumulative  
21 amount of distributions pursuant to section 9-602 as computed in subsection  
22 B, paragraph 3 of this section, the auditor general shall not notify the  
23 state treasurer pursuant to paragraph 2 of this subsection and the state  
24 treasurer shall not withhold pursuant to paragraph 3 of this subsection.

25 (e) And the analysis demonstrates that the total cumulative  
26 incremental revenues to the state general fund are less than the total  
27 cumulative amount of distributions pursuant to section 9-602 as computed in  
28 subsection B, paragraph 3 of this section:

29 (i) The auditor general shall subtract the amount of the total  
30 cumulative incremental revenues to the state general fund from the amount of  
31 the total cumulative distributions.

32 (ii) The auditor general shall notify the state treasurer of the  
33 difference computed pursuant to item (i) of this subdivision.

34 (iii) At the time of the next regularly scheduled distribution, the  
35 state treasurer shall withhold from the amount that would otherwise be  
36 distributed to the eligible city ~~from the local transportation assistance~~  
37 ~~fund~~ pursuant to section ~~28-8102~~ 42-5029 an amount equal to the amount stated  
38 in the notice received pursuant to item (ii) of this subdivision. If the  
39 amount available for distribution is less than the amount to be withheld, the  
40 state treasurer shall continue withholding from subsequent distributions  
41 until the full amount stated in the notice has been withheld.

42 E. The eligible city shall reimburse the auditor general for any costs  
43 incurred in complying with the requirements of this section.

44 Sec. 8. Section 15-1682.03, Arizona Revised Statutes, is amended to  
45 read:



1           15-1682.03. University capital improvement lease-to-own and  
2                                   bond fund; lease-to-own and bond capital  
3                                   improvement agreements

4           A. The university capital improvement lease-to-own and bond fund is  
5 established consisting of the monies provided by the Arizona board of regents  
6 pursuant to this section, monies deposited pursuant to section 5-522 and  
7 monies appropriated by the legislature. The board shall administer the fund.  
8 On notice from the board, the state treasurer shall invest and divest monies  
9 in the fund as provided by section 35-313, and monies earned from investment  
10 shall be credited to the fund. Monies in the fund are exempt from the  
11 provisions of section 35-190 relating to lapsing of appropriations.

12           B. Through revenues of the state university system, the board shall  
13 annually provide monies to the fund of at least twenty per cent of the  
14 aggregate annual payments of lease-to-own and bond agreements entered into by  
15 the board pursuant to this section.

16           C. The board shall distribute monies in the fund to make payments  
17 pursuant to lease-to-own and bond agreements entered into by the board  
18 pursuant to this section. The board may enter into lease-to-own and bond  
19 agreements for the purposes of building renewal projects and new facilities.  
20 New lease-to-own and bond agreements entered into pursuant to this section  
21 shall not exceed one hundred sixty-seven million six hundred seventy-one  
22 thousand two hundred dollars in fiscal year 2008-2009 and four hundred  
23 million dollars in fiscal year 2009-2010. The board may enter into  
24 lease-to-own and bond transactions up to a maximum of eight hundred million  
25 dollars.

26           D. Notwithstanding section 5-522, subsection ~~H~~ F, the amount of state  
27 lottery revenues distributed to the university capital improvement  
28 lease-to-own and bond fund in fiscal year 2009-2010 and fiscal year 2010-2011  
29 shall not exceed an amount sufficient for up to eighty per cent of the annual  
30 payments of the first one hundred sixty-seven million six hundred seventy-one  
31 thousand two hundred dollars of new lease-to-own and bond agreements entered  
32 into pursuant to this section. The full amount of state lottery revenues  
33 distributed to the university capital improvement lease-to-own and bond fund  
34 pursuant to section 5-522, subsection ~~H~~ F shall be made available to the  
35 board for the remaining new lease-to-own and bond agreements up to eight  
36 hundred million dollars beginning in fiscal year 2011-2012.

37           E. In entering into lease-to-own and bond agreements pursuant to this  
38 section, the board shall not obligate this state to provide any additional  
39 monies from the state lottery fund above the amounts authorized in this  
40 section and section 5-522, subsection ~~H~~ F. In entering into lease-to-own  
41 and bond agreements pursuant to this section, the board shall not obligate  
42 any state general fund monies.

43           Sec. 9. Section 28-4802, Arizona Revised Statutes, is amended to read:  
44           28-4802. Fees

45           A. Except as provided in subsection B of this section, the owner of  
46 record of a vehicle at the time of abandonment of the vehicle is liable to

1 the department for the transfer of ownership or disposal in ~~the AN~~ amount of  
2 ~~fifty dollars~~ PRESCRIBED BY THE DIRECTOR BY RULE if the vehicle was:

3 1. Abandoned and junked pursuant to article 3 of this chapter on  
4 private property or public land or on or within the right-of-way of a street  
5 or highway.

6 2. Abandoned on private property or public land or on or within the  
7 right-of-way of a street or highway and the department issues a transfer of  
8 ownership pursuant to the procedures prescribed by this chapter.

9 3. Abandoned and junked pursuant to article 3 of this chapter and  
10 towed with the written permission of the state land commissioner from state  
11 trust land located within the boundaries of an incorporated city or town.

12 B. The owner of record of a vehicle at the time of abandonment is  
13 liable to the department for the transfer of ownership or disposal in ~~the AN~~  
14 amount of ~~two hundred dollars~~ PRESCRIBED BY THE DIRECTOR BY RULE if the  
15 vehicle was:

16 1. Abandoned and junked pursuant to article 3 of this chapter and  
17 towed with the written permission of the governing authority off of national  
18 forest, state park, bureau of land management or state trust land located  
19 outside the boundaries of an incorporated city or town.

20 2. Abandoned and towed with the written permission of the governing  
21 authority off of national forest, state park, bureau of land management or  
22 state trust land located outside the boundaries of an incorporated city or  
23 town and the department issues a transfer of ownership pursuant to the  
24 procedures prescribed by this chapter.

25 3. Abandoned outside the right-of-way of a street or highway located  
26 outside the boundaries of an incorporated city or town.

27 C. In addition to the registration fee or driver license fee  
28 prescribed by sections 28-2003 and 28-3002, the department shall collect the  
29 fee prescribed in subsections A and B of this section as an additional  
30 registration fee at the time the owner of the vehicle subsequently registers  
31 another vehicle in this state or as an additional driver license fee at the  
32 time the owner of the vehicle subsequently applies for or renews a driver  
33 license issued by this state. The department shall deposit, pursuant to  
34 sections 35-146 and 35-147, the additional fee collected for the transfer of  
35 ownership or disposal in the abandoned vehicle administration fund  
36 established by section 28-4804, EXCEPT THAT NINETY PER CENT OF THE FEES  
37 COLLECTED PURSUANT TO SUBSECTION A OF THIS SECTION AND SIXTY PER CENT OF THE  
38 FEES COLLECTED PURSUANT TO SUBSECTION B OF THIS SECTION SHALL BE DEPOSITED IN  
39 THE STATE HIGHWAY FUND.

40 D. The department:

41 1. Shall notify the owner of an abandoned vehicle for which ownership  
42 has been transferred or of a junk vehicle that has been disposed of about the  
43 additional fee at the time of a subsequent vehicle registration or driver  
44 license application or renewal.

45 2. Shall provide a complete description of the abandoned or junked  
46 vehicle, the vehicle identification number of the vehicle and the date on

1 which the vehicle was disposed of or ownership was transferred by the  
2 department.

3 3. May waive the additional fee if the person provides proof  
4 satisfactory to the director that the vehicle had been transferred or  
5 assigned to another person before the day of abandonment.

6 4. May prescribe by rule a fee of not more than ten dollars for  
7 processing an abandoned vehicle report.

8 Sec. 10. Section 28-5808, Arizona Revised Statutes, is amended to  
9 read:

10 28-5808. Vehicle license tax distribution

11 A. EXCEPT AS PROVIDED IN SUBSECTION D OF THIS SECTION, the director  
12 shall distribute monies collected by the director pursuant to section  
13 28-5801, except monies deposited in the state general fund, on the first and  
14 fifteenth calendar day of each month as follows:

15 1. On the first calendar day, the director shall deposit, pursuant to  
16 sections 35-146 and 35-147, all of the Arizona highway user revenue fund  
17 monies received from the first through the fifteenth calendar day of the  
18 preceding month in the Arizona highway user revenue fund, except that on the  
19 first calendar day the director shall deposit, pursuant to sections 35-146  
20 and 35-147, in the parity compensation fund established by section 41-1720,  
21 1.51 per cent of the portion of vehicle license tax revenues that otherwise  
22 would be deposited in the state highway fund from the first through the  
23 fifteenth calendar day of the preceding month.

24 2. On the fifteenth calendar day, the director shall deposit, pursuant  
25 to sections 35-146 and 35-147, all of the Arizona highway user revenue fund  
26 monies received from the sixteenth through the last day of the preceding  
27 month in the Arizona highway user revenue fund, except that on the fifteenth  
28 calendar day, the director shall deposit, pursuant to sections 35-146 and  
29 35-147, in the parity compensation fund established by section 41-1720, 1.51  
30 per cent of the portion of vehicle license tax revenues that otherwise would  
31 be deposited in the state highway fund from the sixteenth through the last  
32 day of the preceding month. On the fifteenth calendar day, the director  
33 shall distribute or deposit all other monies received during the entire  
34 preceding month as follows:

35 (a) The county general fund monies to the county general fund.

36 (b) The county transportation monies to the state treasurer to be  
37 apportioned among the counties for any purposes related to transportation, as  
38 determined by the board of supervisors, on the basis that the population of  
39 the unincorporated area of each county bears to the population of the  
40 unincorporated areas of all counties in this state.

41 (c) The incorporated cities and towns monies to the incorporated  
42 cities and towns of the county in proportion to the population of each.

43 3. The deposit of the monies in the parity compensation fund pursuant  
44 to paragraphs 1 and 2 of this subsection shall not impact the distribution of  
45 vehicle license tax revenues to the state general fund and to cities, towns  
46 and counties pursuant to this section.

1 B. The director shall distribute monies collected by the director  
2 pursuant to sections 28-5804, 28-5805, 28-5806 and 28-5810, except monies  
3 deposited in the state general fund, on the first and fifteenth calendar day  
4 of each month as follows:

5 1. On the first calendar day, the director shall deposit, pursuant to  
6 sections 35-146 and 35-147, 37.61 per cent of all monies received from the  
7 first through the fifteenth calendar day of the preceding month in the  
8 highway user revenue fund.

9 2. On the fifteenth calendar day, the director shall deposit, pursuant  
10 to sections 35-146 and 35-147, 37.61 per cent of all monies received from the  
11 sixteenth through the last day of the preceding month in the highway user  
12 revenue fund and distribute or deposit the following amounts as a percentage  
13 of all monies received pursuant to sections 28-5804, 28-5805, 28-5806 and  
14 28-5810 during the entire preceding month as follows:

15 (a) 20.45 per cent to the county general fund.

16 (b) 4.91 per cent to the state treasurer to be apportioned among the  
17 counties for any purposes related to transportation, as determined by the  
18 board of supervisors, on the basis that the population of the unincorporated  
19 area of each county bears to the population of the unincorporated areas of  
20 all counties in this state.

21 (c) 20.45 per cent to the incorporated cities and towns of the county  
22 in proportion to the population of each.

23 ~~(d) Except as provided in subsection C of this section, 1.64 per cent~~  
24 ~~shall be deposited, pursuant to sections 35-146 and 35-147, in the state~~  
25 ~~highway fund established by section 28-6991.~~

26 (e) 4.09 per cent in the state highway fund established by section  
27 28-6991.

28 (f) 10.85 per cent ~~shall be deposited~~, pursuant to sections 35-146 and  
29 35-147, in the state general fund to aid school financial assistance.

30 ~~C. Through September 30, 2003, if the department's authorized share of~~  
31 ~~federal surface transportation program monies in each year is more than~~  
32 ~~forty two million dollars, the director shall deposit each year in equal~~  
33 ~~installments during the year an annual amount equal to the difference between~~  
34 ~~this state's authorized share of federal surface transportation program~~  
35 ~~monies and forty two million dollars from the amount prescribed in subsection~~  
36 ~~B, paragraph 2, subdivision (d) of this section in the local transportation~~  
37 ~~assistance fund established by section 28-8101. Monies deposited in the~~  
38 ~~local transportation assistance fund pursuant to this subsection shall be~~  
39 ~~distributed to eligible cities, towns and counties as provided in section~~  
40 ~~28-8103. The amount distributed pursuant to this subsection shall not exceed~~  
41 ~~the amount prescribed in subsection B, paragraph 2, subdivision (d) of this~~  
42 ~~section.~~

43 ~~D.~~ C. For purposes of this section the population of a county, city  
44 or town shall be determined as provided by section 28-6532 or 42-5033.01. If  
45 an incorporated city or town has had no federal enumeration of population,  
46 the supervisors shall both:

1           1. Appoint a qualified person to take an accurate census of the  
2 incorporated city or town.

3           2. Certify the results to the county treasurer, and the incorporated  
4 city or town shall share in the distribution as provided by this section.

5           D. ON THE FIFTEENTH CALENDAR DAY OF EACH MONTH, THE DIRECTOR SHALL  
6 TRANSFER TO THE STATE GENERAL FUND FROM THE PORTION OF VEHICLE LICENSE TAX  
7 REVENUES THAT OTHERWISE WOULD BE DEPOSITED IN THE STATE HIGHWAY FUND PURSUANT  
8 TO SECTION 28-6538, SUBSECTION A, PARAGRAPH 1, THE FOLLOWING AMOUNTS:

9           1. AN AMOUNT EQUAL TO NINETY PER CENT OF THE FEES COLLECTED PURSUANT  
10 TO SECTION 28-4802, SUBSECTION A IN THE PRECEDING MONTH.

11           2. AN AMOUNT EQUAL TO SIXTY PER CENT OF THE FEES COLLECTED PURSUANT TO  
12 SECTION 28-4802, SUBSECTION B IN THE PRECEDING MONTH.

13           Section 11. Section 28-6543, Arizona Revised Statutes, is amended to  
14 read:

15           28-6543. Local revenues; requirements

16           A. Each fiscal year a county with a population of more than four  
17 hundred thousand persons or an incorporated city or town with a population of  
18 more than thirty thousand persons that is located in such a county shall:

19           1. Budget and spend local revenues as defined in article IX, section  
20 20, Constitution of Arizona, for street and highway purposes in an amount at  
21 least equal to the average amount of local revenues budgeted and spent for  
22 these purposes in any four of the five fiscal years during the period  
23 beginning with fiscal year 1981-1982 and ending with fiscal year 1985-1986.

24           2. Through its chief financial officer, certify in writing to the  
25 department whether or not the county, city or town has complied with the  
26 requirements of paragraph 1 of this subsection.

27           3. File the certification on or before December 31 after the  
28 completion of each fiscal year.

29           B. Failure to certify as required by subsection A, paragraph 2 of this  
30 section is a failure to comply with subsection A, paragraph 1 of this  
31 section.

32           C. In determining the amount of local revenues budgeted and spent for  
33 street and highway purposes during a fiscal year pursuant to subsection A of  
34 this section, a county or incorporated city or town shall not consider any of  
35 the following:

36           1. Monies distributed from the Arizona highway user revenue fund.

37           ~~2. Monies distributed from the local transportation assistance fund~~  
38 ~~established by section 28-8101.~~

39           ~~3.~~ 2. Monies spent by the county or incorporated city or town for  
40 street and highway purposes directly needed by an emergency declared by the  
41 governor.

42           Sec. 12. Repeal

43           Title 28, chapter 24, article 1, Arizona Revised Statutes, is repealed.

44           Sec. 13. Section 36-274, Arizona Revised Statutes, is amended to read:

45           36-274. Disease control research fund; lapsing; investment

1 A. The disease control research fund is established consisting of  
2 monies received from the state lottery fund pursuant to section 5-522,  
3 subsection ~~E~~ C, monies appropriated by the legislature and any gifts,  
4 contributions or other monies received by the commission from any source,  
5 except monies from the health research fund established by section 36-275.  
6 The commission shall administer the disease control research fund.

7 B. The commission may expend monies in the disease control research  
8 fund for projects or services pursuant to section 36-273 and for expenses  
9 incurred by the commission in carrying out the purposes of this article,  
10 including filing applications and maintaining patents.

11 C. As a condition of each contract for cancer research projects or  
12 services, the commission shall require that the recipient shall not use fund  
13 monies for any purpose, including any administrative or building purposes,  
14 other than the specific cancer research grant project contract.

15 D. Monies in the disease control research fund are exempt from THE  
16 PROVISIONS OF section 35-190 relating to lapsing of appropriations.

17 E. On notice from the commission, the state treasurer shall invest and  
18 divest monies in the disease control research fund as provided by section  
19 35-313, and monies earned from investment shall be credited to the fund.

20 Sec. 14. Repeal

21 Section 41-175, Arizona Revised Statutes, is repealed.

22 Sec. 15. Repeal; reversion

23 A. Section 41-502, Arizona Revised Statutes, is repealed.

24 B. Any monies remaining in the Arizona state parks board heritage fund  
25 shall revert to the state general fund on June 30, 2011.

26 Sec. 16. Delayed repeal

27 Title 41, chapter 3, article 1, Arizona Revised Statutes, is repealed  
28 from and after June 30, 2011.

29 Sec. 17. Section 41-2306, Arizona Revised Statutes, is amended to  
30 read:

31 41-2306. Tourism fund

32 A. The tourism fund is established consisting of separate accounts  
33 derived from:

34 ~~1. Revenues deposited pursuant to section 42-5029. All monies in this~~  
35 ~~account are continuously appropriated to the office of tourism for the~~  
36 ~~purposes of operations and statewide tourism promotion.~~

37 ~~2.~~ 1. Revenues deposited pursuant to section 5-835, subsection B  
38 or C. All monies in this account are continuously appropriated to the office  
39 of tourism, which, in consultation with a consortium of destination marketing  
40 organizations in the county in which the tourism and sports authority is  
41 established, shall be spent ~~only~~ to promote tourism within that county ~~and~~  
42 ~~shall not be spent for administrative or overhead expenses.~~ FIFTY PER CENT  
43 OF THE REVENUES DEPOSITED IN THE TOURISM FUND PURSUANT TO THIS SUBSECTION MAY  
44 BE EXPENDED BY THE OFFICE OF TOURISM FOR OPERATIONAL AND ADMINISTRATIVE  
45 PURPOSES.





- 1           5. Accept grants, matching funds and direct payments from public or  
2 private agencies for the conduct of programs which are consistent with the  
3 overall purposes and objectives of the department.
- 4           6. Provide information and advice within the scope of its duties  
5 subject to the laws on confidentiality of information and departmental rules  
6 adopted pursuant to such laws.
- 7           7. Advise with and make recommendations to the governor and the  
8 legislature on all matters concerning its objectives.
- 9           8. Have an official seal which shall be judicially noticed.
- 10          9. Provide an integrated, coordinated and uniform system of tax  
11 administration and revenue collection for the state.
- 12          B. The department may:
- 13           1. With the approval of the attorney general:
- 14           (a) Abate any balance owed by a taxpayer if the balance is  
15 uncollectible. Related liens, if any, are extinguished on abatement.
- 16           (b) Abate all or part of the unpaid portion of any tax if the director  
17 determines that the administration and collection costs involved would exceed  
18 the amount of the tax.
- 19           2. Offer publications relating to the administration of state taxes  
20 for sale at a price equal to the pro rata cost of publication and  
21 distribution. Monies received from the sale of publications shall be placed  
22 in a revenue publications revolving fund. Monies in the fund:
- 23           (a) Shall be used to meet publication and distribution expenses.
- 24           (b) Are exempt from the provisions of section 35-190 relating to  
25 lapsing of appropriations.
- 26           3. Enter into contingent fee contracts to collect delinquent state  
27 taxes, penalties, ~~and~~ interest ~~due~~ AND OTHER AMOUNTS OWED TO THE DEPARTMENT  
28 under title 43 and chapter 5, article 1 of this title, consistent with the  
29 requirements of chapter 2, article 1 of this title. No contract may be  
30 entered into for:—
- 31           ~~(a) The collection of delinquent state taxes which exceed five hundred~~  
32 ~~dollars for an individual resident, Arizona corporation or partnership.~~
- 33           ~~(b) the hiring of auditors on a contingent fee basis except auditors~~  
34 ~~that are hired to enforce the provisions of~~ title 44, chapter 3.
- 35          C. In the determination of any issue of law or fact under this title  
36 or title 43, neither the department, nor any officer or agency having any  
37 administrative duties under this title or title 43, nor any court is bound by  
38 the determination of any other executive officer or administrative agency of  
39 this state. In the determination of any case arising under this title or  
40 title 43, the rule of res judicata is applicable only if the liability  
41 involved is for the same year or period as was involved in another case  
42 previously determined under this title or title 43.
- 43          D. The remedies of this state provided for in this title and title 43  
44 are cumulative, and no action taken by the department constitutes an election  
45 by this state to pursue any remedy to the exclusion of any other remedy  
46 provided by law.



1 E. The attorney general shall prosecute in the name of this state all  
2 actions necessary to enforce this title and title 43. The attorney general  
3 may defend all actions brought against this state or an officer or agency of  
4 this state arising under this title and title 43. The attorney general may  
5 delegate the prosecuting authority to any county attorney for prosecution in  
6 that county.

7 F. A special collections account is established in the state general  
8 fund. All monies collected pursuant to contracts authorized by subsection B,  
9 paragraph 3 of this section shall be deposited in the special collections  
10 account. The department shall pay from the account all fees and court costs  
11 provided for in the contracts authorized under subsection B, paragraph 3 of  
12 this section. The department shall allocate the remainder of the amounts  
13 collected under subsection B, paragraph 3 of this section to the state or the  
14 political subdivision in the proportion that the monies would have been  
15 distributed pursuant to chapter 5 of this title or section 43-206,  
16 respectively.

17 Sec. 19. Section 42-1114, Arizona Revised Statutes, is amended to  
18 read:

19 42-1114. Suit to recover taxes

20 A. The department may bring an action in the name of this state to  
21 recover the amount of any taxes, penalties, ~~and~~ interest **OR OTHER AMOUNTS**  
22 **OWED BY THE TAXPAYER TO THE DEPARTMENT THAT ARE** due and unpaid. The  
23 department of law shall prosecute the action. In the action a writ of  
24 attachment may be issued and no bond or affidavit previous to issuing the  
25 attachment is required. In the action a certificate by the department of  
26 revenue showing the delinquency is prima facie evidence of the levy of the  
27 tax, of the delinquency and of the compliance by the department of revenue  
28 with all the provisions of law relating to the computation and levy of the  
29 tax.

30 B. The department of revenue may bring an appropriate action in any  
31 court of competent jurisdiction in the United States or any foreign country  
32 in the name of this state to recover the amount of any taxes, interest and  
33 penalties **OR ANY OTHER AMOUNTS OWED BY THE TAXPAYER TO THE DEPARTMENT THAT**  
34 **ARE** due. The department of law shall prosecute the action.

35 C. The action shall not commence more than ~~six~~ **TEN** years after the  
36 amount of taxes determined to be due becomes final unless the taxpayer and  
37 the department extend the ~~six~~ **TEN** year limitation or enforced collection has  
38 been stayed by operation of federal or state law. If enforced collection has  
39 been stayed, the period of limitations shall be extended by the period of  
40 time that the department was stayed from engaging in enforced collections.  
41 ~~If an action is not commenced within the six year period or within the period~~  
42 ~~extended by agreement, the lien of the tax is extinguished as provided in~~  
43 ~~section 42-1151.~~

44 Sec. 20. Section 42-1118, Arizona Revised Statutes, is amended to  
45 read:

46 42-1118. Refunds, credits, offsets and abatements

1           A. If the department determines that any amount of tax, penalty or  
2 interest has been paid in excess of the amount actually due, the department  
3 shall credit the excess amount against any tax administered pursuant to this  
4 article, including any penalty, ~~or~~ interest OR OTHER AMOUNTS owed by the  
5 taxpayer TO THE DEPARTMENT. If it is determined that the amount cannot be  
6 credited against a tax or installment of taxes due from the taxpayer, the  
7 department may:

8           1. Refund the entire amount of tax, interest and penalty, in a lump  
9 sum or in not more than five annual installments, to the taxpayer from whom  
10 it was collected.

11           2. Issue to the taxpayer a credit voucher for the entire amount of  
12 tax, interest and penalty collected, to be carried forward and applied  
13 against future tax liabilities until exhausted.

14           3. Refund part, and issue a credit voucher for the balance, of the  
15 tax, interest and penalties as provided in paragraphs 1 and 2 of this  
16 subsection.

17           B. If the total amount withheld from income under section 43-401  
18 exceeds the amount of the tax on the employee's entire taxable income as  
19 computed under title 43, the department shall refund the amount of the excess  
20 deducted without requiring a filing of a refund claim as provided in this  
21 section. The failure of the department to make the refund does not limit the  
22 right of the taxpayer to file a claim for a refund pursuant to this section  
23 if the claim is not barred under section 42-1106. The department shall not  
24 refund amounts less than one dollar unless specifically requested by the  
25 taxpayer at the time the return or claim for refund is filed.

26           C. Any overpayment that may result from withholdings or estimates  
27 pursuant to section 43-401, 43-581 or 43-582 shall not be credited or  
28 refunded unless an Arizona income tax return has been filed for the tax year  
29 for which the withholdings or estimates were made.

30           D. The department shall give a vendor who has a duty to collect use  
31 tax pursuant to chapter 5, article 4 of this title and who has not collected  
32 that tax full credit or offset for any use tax, interest and penalty paid to  
33 the department by the purchaser when issuing a determination of a deficiency  
34 pursuant to section 42-1108. This credit or offset shall be computed from  
35 the date of the use tax payment by the purchaser. If the purchaser has been  
36 audited by the department for use tax for the period of the purchase, the  
37 purchaser is considered to have paid the use tax to the department. For  
38 other purchases, the vendor may submit an affirmation by a purchaser on a  
39 form prescribed by the department that use tax was paid on the purchase. A  
40 fully completed certificate, taken in good faith by the vendor, constitutes  
41 proof that the vendor is entitled to this credit or offset. The department  
42 may require a purchaser who has submitted the certificate to establish the  
43 accuracy and completeness of the information contained in the certificate.  
44 If the purchaser cannot establish the accuracy and completeness of the  
45 information, the purchaser is liable for a penalty equal to the amount of tax  
46 and interest that would have been paid by the seller and for the additional

1 penalties pursuant to section 42-1125. Payment of the penalty relieves the  
2 purchaser of any responsibility for paying the use tax. The department may  
3 require this proof and may assess the purchaser within the later of the  
4 period of limitations set forth in section 42-1104 or one year from the date  
5 the notice of proposed deficiency is issued to the vendor if the purchaser  
6 does not establish the accuracy of the information contained in the  
7 certificate.

8 E. Each claim for refund shall be filed with the department in writing  
9 and shall identify the claimant by name, address and tax identification  
10 number. Each claim shall provide the amount of refund requested, the  
11 specific tax period involved and the specific grounds on which the claim is  
12 founded. Refunds are subject to setoff for debts pursuant to section  
13 42-1122.

14 F. A motor vehicle manufacturer that repurchases a vehicle pursuant to  
15 section 44-1263 or for reasons of consumer satisfaction may apply for a  
16 refund of the taxes paid under chapter 5 of this title if that manufacturer  
17 has refunded the amount of tax to the consumer. A refund is allowed under  
18 this subsection only if the manufacturer provides satisfactory proof to the  
19 department that tax amounts attributed to the sale of the vehicle were  
20 collected from the consumer and that the manufacturer refunded an amount of  
21 tax to the consumer. Any refund provided under this subsection is in lieu of  
22 any refund on the vehicle that the dealer may otherwise be entitled to  
23 receive. A manufacturer must apply for a refund under this subsection within  
24 four years after repurchasing the vehicle. For the purposes of this  
25 subsection:

26 1. "Consumer" has the same meaning prescribed in section 44-1261.

27 2. "Motor vehicle manufacturer" means a corporation engaged in the  
28 business of producing passenger cars, trucks and multipurpose passenger  
29 vehicles as described in 49 Code of Federal Regulations section 571.3.

30 3. "Satisfactory proof" includes copies of checks and a purchase or  
31 lease agreement that lists the vehicle identification number and that  
32 itemizes the amount that was collected as tax from the consumer.

33 G. The department shall not imprint the full social security number or  
34 other taxpayer identifier used pursuant to section 42-1105 on any taxpayer  
35 refund check, voucher or other credit documentation issued to the taxpayer  
36 under this section.

37 H. If any amount has been erroneously determined to be due from any  
38 person but not yet collected, the department shall cancel the amount or  
39 amounts on its records.

40 I. If, with or after the filing of a protest or an appeal with the  
41 department, the state board of tax appeals or the court, a taxpayer pays the  
42 tax protested or appealed before the department, board or court acts upon the  
43 protest or the appeal, such body shall treat the protest or the appeal as a  
44 claim for refund or an appeal from the denial of a claim for refund filed  
45 under this section.

1           Sec. 21. Section 42-1125, Arizona Revised Statutes, is amended to  
2 read:

3           42-1125. Civil penalties; definition

4           A. If a taxpayer fails to make and file a return for a tax  
5 administered pursuant to this article on or before the due date of the return  
6 or the due date as extended by the department, ~~then,~~ unless it is shown that  
7 the failure is due to reasonable cause and not due to wilful neglect, four  
8 and one-half per cent of the tax required to be shown on such return shall be  
9 added to the tax for each month or fraction of a month elapsing between the  
10 due date of the return and the date on which it is filed. The total penalty  
11 shall not exceed twenty-five per cent of the tax found to be remaining due.  
12 The penalty so added to the tax is due and payable on notice and demand from  
13 the department. For the purpose of computing the penalty imposed under this  
14 subsection, the amount required to be shown as tax on a return shall be  
15 reduced by the amount of any part of the tax which is paid on or before the  
16 beginning of such month and by the amount of any credit against the tax which  
17 may be claimed on the return. If the amount required to be shown as tax on a  
18 return is less than the amount shown as tax on such return the penalty  
19 described in this subsection shall be applied by substituting such lower  
20 amount.

21           B. If a taxpayer fails or refuses to file a return on notice and  
22 demand by the department, the taxpayer shall pay a penalty of twenty-five per  
23 cent of the tax, which is due and payable on notice and demand by the  
24 department, in addition to any penalty prescribed by subsection A of this  
25 section, unless it is shown that the failure is due to reasonable cause and  
26 not due to wilful neglect. This penalty is payable on notice and demand from  
27 the department.

28           C. If a taxpayer fails or refuses to furnish any information requested  
29 in writing by the department, the department may add a penalty of twenty-five  
30 per cent of the amount of any deficiency tax assessed by the department  
31 concerning the assessment of which the information was required, unless it is  
32 shown that the failure is due to reasonable cause and not due to wilful  
33 neglect.

34           D. If a person fails to pay the amount shown as tax on any return  
35 within the time prescribed, a penalty of one-half of one per cent, not to  
36 exceed a total of ten per cent, shall be added to the amount shown as tax for  
37 each month or fraction of a month during which the failure continues, unless  
38 it is shown that the failure is due to reasonable cause and not due to wilful  
39 neglect. If the department determines that the person's failure to pay was  
40 due to reasonable cause and not due to wilful neglect and that a payment  
41 agreement pursuant to section 42-2057 is appropriate, the department shall  
42 not impose the penalty unless the taxpayer fails to comply with the payment  
43 agreement. If the taxpayer is also subject to a penalty under subsection A  
44 of this section for the same tax period, the total penalties under subsection  
45 A of this section and this subsection shall not exceed twenty-five per cent.  
46 For the purpose of computing the penalty imposed under this subsection:

1           1. The amount shown as tax on a return shall be reduced by the amount  
2 of any part of the tax that is paid on or before the beginning of that month  
3 and by the amount of any credit against the tax that may be claimed on the  
4 return.

5           2. If the amount shown as tax on a return is greater than the amount  
6 required to be shown as tax on that return, the penalty shall be applied by  
7 substituting the lower amount.

8           E. If a person fails to pay any amount required to be shown on any  
9 return that is not so shown within twenty-one calendar days after the date of  
10 notice and demand, a penalty of one-half of one per cent, not to exceed a  
11 total of ten per cent, shall be added to the amount of tax for each month or  
12 fraction of a month during which the failure continues, unless it is shown  
13 that the failure is due to reasonable cause and not due to wilful neglect.  
14 If the taxpayer is also subject to penalty under subsection A of this section  
15 for the same tax period, the total penalties under subsection A of this  
16 section and this subsection shall not exceed twenty-five per cent. For the  
17 purpose of computing the penalty imposed under this subsection, any amount  
18 required to be shown on any return shall be reduced by the amount of any part  
19 of the tax that is paid on or before the beginning of that month and by the  
20 amount of any credit against the tax that may be claimed on the return.

21           F. In the case of a deficiency, for which a determination is made of  
22 an additional amount due, which is due to negligence but without intent to  
23 defraud, the person shall pay a penalty of ten per cent of the amount of the  
24 deficiency.

25           G. If part of a deficiency is due to fraud with intent to evade tax,  
26 fifty per cent of the total amount of the tax, in addition to the deficiency,  
27 interest and other penalties provided in this section, shall be assessed,  
28 collected and paid as if it were a deficiency.

29           H. If the amount, whether determined by the department or the  
30 taxpayer, required to be withheld by the employer pursuant to title 43,  
31 chapter 4 is not paid to the department on or before the date prescribed for  
32 its remittance, the department may add a penalty of twenty-five per cent of  
33 the amount required to be withheld and paid, unless it is shown that the  
34 failure is due to reasonable cause and not due to wilful neglect.

35           I. A person who, with or without intent to evade any requirement of  
36 this article or any lawful administrative rule of the department of revenue  
37 under this article, fails to file a return or to supply information required  
38 under this article or who, with or without such intent, makes, prepares,  
39 renders, signs or verifies a false or fraudulent return or statement or  
40 supplies false or fraudulent information shall pay a penalty of not more than  
41 one thousand dollars. This penalty shall be recovered by the department of  
42 law in the name of this state by an action in any court of competent  
43 jurisdiction.

44           J. If the taxpayer files what purports to be a return of any tax  
45 administered pursuant to this article but which is frivolous or which is made

1 with the intent to delay or impede the administration of the tax laws, that  
2 person shall pay a penalty of five hundred dollars.

3 K. If a taxpayer who is required to file or provide an information  
4 return under this title or title 43 fails to file the return at the  
5 prescribed time or files a return which fails to show the information  
6 required, that taxpayer shall pay a penalty of one hundred dollars for each  
7 month or fraction of a month during which the failure continues unless it is  
8 shown that the failure is due to reasonable cause and not due to wilful  
9 neglect. The total penalties under this subsection shall not exceed five  
10 hundred dollars.

11 L. If it appears to the superior court that proceedings before it have  
12 been instituted or maintained by a taxpayer primarily for delay or that the  
13 taxpayer's position is frivolous or groundless, the court may award damages  
14 in an amount not to exceed one thousand dollars to this state. Damages so  
15 awarded shall be collected as a part of the tax.

16 M. A person who is required under section 43-413 to furnish a  
17 statement to an employee and who wilfully furnishes a false or fraudulent  
18 statement, or who wilfully fails to furnish a statement required by section  
19 43-413, is for each such failure subject to a penalty of fifty dollars.

20 N. A person who is required to collect or truthfully account for and  
21 pay a tax administered pursuant to this article, including any luxury  
22 privilege tax, and who wilfully fails to collect the tax or truthfully  
23 account for and pay the tax, or wilfully attempts in any manner to evade or  
24 defeat the tax or its payment, is, in addition to other penalties provided by  
25 law, liable for a penalty equal to the total amount of the tax evaded, not  
26 collected or not accounted for and paid. Except as provided in subsections  
27 ~~S~~ T, ~~T~~ U and ~~U~~ V of this section, no other penalty under this section  
28 relating to failure to pay tax may be imposed for any offense to which this  
29 subsection applies.

30 O. FOR REPORTING PERIODS BEGINNING FROM AND AFTER FEBRUARY 28, 2011,  
31 IF A TAXPAYER WHO IS REQUIRED UNDER SECTION 42-1129 TO MAKE PAYMENT BY  
32 ELECTRONIC FUNDS TRANSFER FAILS TO DO SO, THAT TAXPAYER SHALL PAY A PENALTY  
33 OF FIVE PER CENT OF THE AMOUNT OF TAX DUE ON THE RETURN UNLESS IT IS SHOWN  
34 THAT THE FAILURE IS DUE TO REASONABLE CAUSE AND NOT DUE TO WILFUL NEGLIGENCE.

35 ~~Q~~ P. Unless due to reasonable cause and not to wilful neglect:

36 1. A person who fails to provide that person's taxpayer identification  
37 number in any return, statement or other document as required by section  
38 42-1105, subsection A shall pay a penalty of five dollars for each such  
39 failure.

40 2. A person, when filing any return, statement or other document for  
41 compensation on behalf of a taxpayer, who fails to include that person's own  
42 taxpayer identification number and the taxpayer's identification number shall  
43 pay a penalty of fifty dollars for each such failure.

44 3. A person, when filing any return, statement or other document  
45 without compensation on behalf of a taxpayer, who fails to include that

1 person's own taxpayer identification number and the taxpayer's identification  
2 number is not subject to a penalty.

3 No other penalty under this section may be imposed if the only violation is  
4 failure to provide taxpayer identification numbers.

5 ~~P.~~ Q. If a taxpayer fails to pay the full amount of estimated tax  
6 required by title 43, chapter 5, article 6, a penalty is assessed equal to  
7 the amount of interest that would otherwise accrue under section 42-1123 on  
8 the amount not paid for the period of nonpayment, not exceeding ten per cent  
9 of the amount not paid. The penalty prescribed by this subsection is in lieu  
10 of any other penalty otherwise prescribed by this section and in lieu of  
11 interest prescribed by section 42-1123.

12 ~~Q.~~ R. The department of law, with the consent of the department of  
13 revenue, may compromise any penalty for which it may bring an action under  
14 this section.

15 ~~R.~~ S. Penalties shall not be assessed under subsection D of this  
16 section on additional amounts of tax paid by a taxpayer at the time the  
17 taxpayer voluntarily files an amended return. This subsection does not apply  
18 if:

19 1. The taxpayer is under audit by the department.

20 2. The amended return was filed on demand or request by the  
21 department.

22 3. The total additional tax paid and due for the tax period represents  
23 a substantial understatement of tax liability. For the purposes of this  
24 paragraph, there is a substantial understatement of tax for any tax period if  
25 the amount of the understatement for the tax period exceeds the greater of  
26 ten per cent of the actual tax liability for the tax period or two thousand  
27 dollars.

28 ~~S.~~ T. In addition to other penalties provided by law, a person who  
29 knowingly and intentionally does not comply with any requirement under  
30 chapter 3, article 5 of this title relating to cigarettes shall pay a penalty  
31 of one thousand dollars. A person who knowingly and intentionally does not  
32 pay any luxury tax that relates to cigarettes imposed by chapter 3 of this  
33 title shall pay a penalty that is equal to ten per cent of the amount of the  
34 unpaid tax.

35 ~~T.~~ U. A cigarette manufacturer, cigarette importer or cigarette  
36 distributor, as defined in section 42-3001, who knowingly and intentionally  
37 sells or possesses cigarettes with false manufacturing labels or cigarettes  
38 with counterfeit tax stamps, or who obtains cigarettes through the use of a  
39 counterfeit license, shall pay the following penalties:

40 1. For a first violation involving two thousand or more cigarettes,  
41 one thousand dollars.

42 2. For a subsequent violation involving two thousand or more  
43 cigarettes, five thousand dollars.

44 ~~U.~~ V. The civil penalties in this section are in addition to any  
45 civil penalty under chapter 3, article 5 of this title.

1 ~~V.~~ W. For the purposes of this section, and only as applied to the  
2 taxes imposed by chapter 5, articles 1 through 6 and chapter 6, articles 1, 2  
3 and 3 of this title, "reasonable cause" means a reasonable basis for the  
4 taxpayer to believe that the tax did not apply to the business activity or  
5 the storage, use or consumption of the taxpayer's tangible personal property  
6 in this state.

7 Sec. 22. Section 42-1129, Arizona Revised Statutes, is amended to  
8 read:

9 42-1129. Payment of tax by electronic funds transfer

10 A. The department may require by rule, consistent with the state  
11 treasurer's cash management policies, that any taxpayer that owed twenty  
12 thousand dollars or more for the preceding taxable year in connection with  
13 any tax administered pursuant to this article, except individual income tax,  
14 shall pay the tax liability on or before the payment date prescribed by law  
15 in monies that are immediately available to the state on the date of the  
16 transfer as provided by subsection B of this section.

17 B. A payment in immediately available monies shall be made by  
18 electronic funds transfer ~~or any other means required by the department~~, with  
19 the state treasurer's approval, that ensures the availability of the monies  
20 to this state on the date of payment.

21 C. The taxpayer shall furnish evidence as prescribed by the department  
22 that the payment was remitted on or before the due date.

23 D. A TAXPAYER WHO IS REQUIRED TO MAKE PAYMENT BY ELECTRONIC FUNDS  
24 TRANSFER BUT WHO FAILS TO DO SO IS SUBJECT TO THE CIVIL PENALTIES PRESCRIBED  
25 BY SECTION 42-1125, SUBSECTION O.

26 ~~D.~~ E. A failure to make a timely payment in immediately available  
27 monies as prescribed pursuant to this section is subject to the civil  
28 penalties prescribed by section 42-1125, subsection D.

29 Sec. 23. Section 42-1151, Arizona Revised Statutes, is amended to  
30 read:

31 42-1151. Lien

32 A. If any tax, interest, ~~or~~ penalty ~~which~~ OR OTHER AMOUNT OWED BY THE  
33 TAXPAYER TO THE DEPARTMENT THAT the department is required to collect is not  
34 paid by a taxpayer when due, such unpaid amounts constitute a lien upon all  
35 property and rights to property, whether real or personal, belonging to the  
36 taxpayer or acquired by the taxpayer from the date the amounts are assessed  
37 or the date the return prescribing the liability is filed until the liability  
38 for the assessed amounts is satisfied ~~except that the lien is extinguished if~~  
39 ~~an action is not commenced within the period prescribed in section 42-1114.~~

40 B. The lien prescribed in this section is not valid against the  
41 following until the notice of the lien is filed as prescribed in section  
42 42-1152:

43 1. A mechanic's lienholder who holds a lien pursuant to title 33,  
44 chapter 7, article 6. The lien exists on the later of the date the lien  
45 becomes valid against subsequent purchasers without actual notice or the date  
46 the lienholder begins to furnish the services, labor or materials.



1           2. A purchaser who, for adequate and full consideration in money or  
2 money's worth, acquires an interest in property, other than a lien or  
3 security interest, which is valid against subsequent purchasers without  
4 actual notice. Any of the following which is not a lien or security interest  
5 is an interest in property:

- 6           (a) A lease of property.  
7           (b) A written executory contract to purchase or lease property.  
8           (c) An option to purchase or lease property or any interest in  
9 property.  
10          (d) An option to review or extend a lease of property.

11          3. A holder of a security interest in property acquired by contract to  
12 secure payment or performance of an obligation or to indemnify against loss  
13 or liability. A security interest exists:

- 14          (a) If the property exists and the interest has become protected  
15 against a subsequent judgment lien arising out of an unsecured obligation.  
16          (b) To the extent that the holder has parted with money or money's  
17 worth.

18          4. A judgment lien creditor.

19          C. Although a notice of lien has been filed as prescribed by section  
20 42-1152, the lien is not valid against:

- 21           1. Personal property purchased in casual sale as provided in section  
22 6323 of the internal revenue code.  
23           2. Residential property subject to a mechanic's lien for certain  
24 repairs and improvements as provided in section 6323 of the internal revenue  
25 code.

26          Sec. 24. Section 42-1152, Arizona Revised Statutes, is amended to  
27 read:

28           42-1152. Filing of lien; notice; recording

29           A. The notice prescribed in section 42-1151, subsection B may be filed  
30 by the department against the taxpayer's real property located in any county  
31 by recording a notice of lien in the form prescribed by subsection C of this  
32 section in the office of the county recorder.

33           B. The notice prescribed in section 42-1151, subsection B may be filed  
34 by the department against the taxpayer's personal property or rights to  
35 personal property located within this state by recording a notice of lien in  
36 the form prescribed by subsection C of this section in the office of the  
37 secretary of state.

38           C. A notice of lien recorded under this section shall specify the  
39 nature of the tax, the amount of tax, interest and penalty **AND OTHER AMOUNTS**  
40 **OWED BY THE TAXPAYER TO THE DEPARTMENT THAT ARE** due, the taxable periods for  
41 which such amounts are due and the name and last known address of the  
42 taxpayer liable for such amounts.

43          Sec. 25. Section 42-1153, Arizona Revised Statutes, is amended to  
44 read:

45           42-1153. Release or subordination of lien

1 A. The department ~~may~~, at any time, **MAY** release all or any portion of  
2 the property subject to the lien from the lien or subordinate the lien to  
3 other liens if it determines that either:

4 1. The taxes are sufficiently secured by a lien on other property of  
5 the taxpayer.

6 2. The release or subordination of the lien will not endanger or  
7 jeopardize the collection of such taxes.

8 B. In its discretion and at any time, the department may withdraw a  
9 notice of lien that was recorded pursuant to this article if the department  
10 determines that any of the following conditions ~~apply~~ **APPLIES**:

11 1. The department's interests are best served by withdrawing the  
12 notice.

13 2. Filing the lien was premature or otherwise in violation of the  
14 department's administrative procedures.

15 3. Withdrawing the notice will facilitate collecting the outstanding  
16 amount of taxes, interest and penalties.

17 4. The taxpayer has entered into an installment payment agreement,  
18 unless the agreement provides otherwise.

19 C. If any lien imposed by section 42-1151 has been satisfied and a  
20 notice of the lien had been recorded by the department pursuant to section  
21 42-1152, the department shall issue a release of the lien to the person  
22 against whom the lien was claimed. The department shall record the lien  
23 release in any county where the original lien was recorded and in the office  
24 of the secretary of state if applicable.

25 D. If a balance owed by a taxpayer has been abated pursuant to section  
26 42-1004, subsection B, paragraph 1, subdivision (a), the department is not  
27 required to record a release of the lien under this section, but on the  
28 taxpayer's written request, the department shall provide a certificate of  
29 release to the taxpayer.

30 ~~E. If a tax obligation has been extinguished pursuant to section~~  
31 ~~42-2066, the lien for the extinguished tax is also extinguished. The~~  
32 ~~department is not required to record a release of the lien under this~~  
33 ~~section, but on the taxpayer's written request, the department shall provide~~  
34 ~~a certificate of release to the taxpayer.~~

35 ~~F.~~ E. A certificate by the department to the effect that any property  
36 has been released from the lien or that the lien has been subordinated to  
37 other liens is conclusive evidence that the property has been released or  
38 that the lien has been subordinated as provided in the certificate.

39 Sec. 26. Section 42-1201, Arizona Revised Statutes, is amended to  
40 read:

41 **42-1201. Levy and distraint; definition**

42 A. If a person liable to pay any tax neglects or refuses to pay the  
43 tax, the department may collect the tax, **INTEREST, PENALTY, OTHER AMOUNTS**  
44 **OWED TO THE DEPARTMENT** and such other sums as are sufficient to cover the  
45 expenses of the levy, by levy upon:

1 1. All property and rights to property, except property exempt under  
2 section 42-1204, belonging to the person or on which there is a lien as  
3 provided in article 4 of this chapter or section 42-17153 for the payment of  
4 the tax.

5 2. The accrued salary or wages of any officer, employee or elected  
6 official of this state or its political subdivisions, or any agency or  
7 instrumentality of this state or its political subdivisions, by serving a  
8 notice of levy on:

9 (a) The department of administration in the case of state wages or  
10 salaries.

11 (b) The chief disbursing officer of a political subdivision of the  
12 state in the case of wages or salaries paid by the political subdivision.

13 B. The levy shall not be made more than ~~six~~ TEN years after the amount  
14 of tax determined to be due becomes final. The taxpayer and the department  
15 may extend the ~~six~~ TEN year limitation prescribed by this subsection for any  
16 length of time by executing a written agreement before the expiration of the  
17 ~~six~~ TEN year limitation. If enforced collection has been stayed by operation  
18 of federal or state law, the period of limitations shall be extended by the  
19 period of time that the department was stayed from engaging in enforced  
20 collections.

21 C. As used in this chapter, "levy" includes the power of distraint and  
22 seizure by any means. Except as otherwise provided in subsection E or F of  
23 this section, a levy extends only to property possessed and obligations  
24 existing at the time of the levy or within twenty-one days after the date of  
25 the levy. In any case in which the department may levy upon property or  
26 rights to property, it may seize and sell the property or rights to the  
27 property, whether real or personal, tangible or intangible.

28 D. If any property or right to property upon which a levy has been  
29 made under subsection A of this section is not sufficient to satisfy the  
30 claim of the department for which the levy is made, the department may as  
31 often as may be necessary proceed to levy in like manner upon any other  
32 property liable to levy of the person against whom such claim exists, until  
33 the amount due, together with all expenses, is fully paid.

34 E. The effect of a levy on salary or wages payable to or received by a  
35 taxpayer is continuous from the date the levy is first made until the  
36 liability out of which the levy arose is satisfied or becomes unenforceable.

37 F. With respect to a levy described in subsection E of this section,  
38 the department shall promptly release the levy when the liability out of  
39 which the levy arose is satisfied or becomes unenforceable and shall promptly  
40 notify the person upon whom the levy was made that the levy has been  
41 released.

42 Sec. 27. Title 42, chapter 1, article 5, Arizona Revised Statutes, is  
43 amended by adding section 42-1207, to read:

44 42-1207. Financial institutions data match; prohibited  
45 disclosure; civil liability; fee; definition

1           A. THE DEPARTMENT MAY ENTER INTO AGREEMENTS WITH FINANCIAL  
2 INSTITUTIONS THAT CONDUCT BUSINESS IN THIS STATE TO DEVELOP AND OPERATE A  
3 DATA MATCH SYSTEM TO ASSIST THE DEPARTMENT IN THE COLLECTION OF DELINQUENT  
4 TAXES, PENALTIES AND INTEREST. THE DATA MATCH SYSTEM SHALL USE AUTOMATED  
5 DATA EXCHANGE PROCEDURES TO THE MAXIMUM EXTENT POSSIBLE.

6           B. ANY DATA EXCHANGES BETWEEN FINANCIAL INSTITUTIONS AND THE  
7 DEPARTMENT UNDER AN AGREEMENT PURSUANT TO SUBSECTION A SHALL OCCUR QUARTERLY.  
8 THE DATA EXCHANGES SHALL INCLUDE THE NAME, ADDRESS OF RECORD, SOCIAL SECURITY  
9 NUMBER OR OTHER TAXPAYER IDENTIFICATION NUMBER AND ANY OTHER IDENTIFYING  
10 INFORMATION FOR EACH DELINQUENT TAXPAYER WHO MAINTAINS AN ACCOUNT AT THE  
11 INSTITUTION AND WHO OWES DELINQUENT TAXES AS IDENTIFIED BY THE DEPARTMENT BY  
12 NAME AND SOCIAL SECURITY NUMBER OR OTHER TAXPAYER IDENTIFICATION NUMBER.

13           C. THE DEPARTMENT OR ITS AGENT MAY ONLY DISCLOSE A PERSON'S FINANCIAL  
14 RECORD UNDER THIS SECTION IN ORDER TO ENFORCE THE COLLECTION OF A PERSON'S  
15 DELINQUENT TAX OBLIGATION.

16           D. A DEPARTMENT EMPLOYEE WHO KNOWINGLY OR NEGLIGENTLY DISCLOSES A  
17 PERSON'S FINANCIAL RECORDS IN VIOLATION OF SUBSECTION C IS SUBJECT TO CIVIL  
18 LIABILITY IN AN AMOUNT EQUAL TO THE GREATER OF EITHER:

19           1. ONE THOUSAND DOLLARS FOR EACH ACT OF UNAUTHORIZED DISCLOSURE OF A  
20 FINANCIAL RECORD WITH RESPECT TO WHICH THE DEPARTMENT EMPLOYEE IS FOUND  
21 LIABLE.

22           2. THE SUM OF THE ACTUAL DAMAGES SUSTAINED BY THE PLAINTIFF AS A  
23 RESULT OF THE UNAUTHORIZED DISCLOSURE AND, IN THE CASE OF A WILFUL DISCLOSURE  
24 OR A DISCLOSURE THAT IS THE RESULT OF GROSS NEGLIGENCE, PUNITIVE DAMAGES,  
25 INCLUDING COSTS AND ATTORNEY FEES.

26           E. THE DEPARTMENT MAY PAY A REASONABLE FEE TO A FINANCIAL INSTITUTION  
27 FOR CONDUCTING A DATA MATCH. THE FEE SHALL NOT EXCEED THE ACTUAL COSTS  
28 INCURRED BY THE FINANCIAL INSTITUTION.

29           F. FOR THE PURPOSES OF THIS SECTION, "FINANCIAL INSTITUTION" MEANS  
30 STATE AND FEDERALLY CHARTERED BANKS, TRUST COMPANIES, FEDERAL AND STATE  
31 SAVINGS AND LOAN ASSOCIATIONS, FEDERAL AND STATE CREDIT UNIONS, CONSUMER  
32 LENDERS, INTERNATIONAL BANKING FACILITIES AND FINANCIAL INSTITUTION HOLDING  
33 COMPANIES, INSURANCE COMPANIES, BENEFIT ASSOCIATIONS, SAFE DEPOSIT COMPANIES,  
34 MONEY MARKET MUTUAL FUNDS AND SIMILAR INSTITUTIONS AUTHORIZED TO DO BUSINESS  
35 IN THIS STATE AND ANY PARTY AFFILIATED WITH THESE FINANCIAL INSTITUTIONS.

36           Sec. 28. Section 42-2003, Arizona Revised Statutes, is amended to  
37 read:

38           42-2003. Authorized disclosure of confidential information

39           A. Confidential information relating to:

40           1. A taxpayer may be disclosed to the taxpayer, its successor in  
41 interest or a designee of the taxpayer who is authorized in writing by the  
42 taxpayer. A principal corporate officer of a parent corporation may execute  
43 a written authorization for a controlled subsidiary.

44           2. A corporate taxpayer may be disclosed to any principal officer, any  
45 person designated by a principal officer or any person designated in a

1 resolution by the corporate board of directors or other similar governing  
2 body.

3 3. A partnership may be disclosed to any partner of the partnership.  
4 This exception does not include disclosure of confidential information of a  
5 particular partner unless otherwise authorized.

6 4. An estate may be disclosed to the personal representative of the  
7 estate and to any heir, next of kin or beneficiary under the will of the  
8 decedent if the department finds that the heir, next of kin or beneficiary  
9 has a material interest which will be affected by the confidential  
10 information.

11 5. A trust may be disclosed to the trustee or trustees, jointly or  
12 separately, and to the grantor or any beneficiary of the trust if the  
13 department finds that the grantor or beneficiary has a material interest  
14 which will be affected by the confidential information.

15 6. Any taxpayer may be disclosed if the taxpayer has waived any rights  
16 to confidentiality either in writing or on the record in any administrative  
17 or judicial proceeding.

18 7. The name and taxpayer identification numbers of persons issued  
19 direct payment permits may be publicly disclosed.

20 B. Confidential information may be disclosed to:

21 1. Any employee of the department whose official duties involve tax  
22 administration.

23 2. The office of the attorney general solely for its use in  
24 preparation for, or in an investigation which may result in, any proceeding  
25 involving tax administration before the department or any other agency or  
26 board of this state, or before any grand jury or any state or federal court.

27 3. The department of liquor licenses and control for its use in  
28 determining whether a spirituous liquor licensee has paid all transaction  
29 privilege taxes and affiliated excise taxes incurred as a result of the sale  
30 of spirituous liquor, as defined in section 4-101, at the licensed  
31 establishment and imposed on the licensed establishments by this state and  
32 its political subdivisions.

33 4. Other state tax officials whose official duties require the  
34 disclosure for proper tax administration purposes if the information is  
35 sought in connection with an investigation or any other proceeding conducted  
36 by the official. Any disclosure is limited to information of a taxpayer who  
37 is being investigated or who is a party to a proceeding conducted by the  
38 official.

39 5. The following agencies, officials and organizations, if they grant  
40 substantially similar privileges to the department for the type of  
41 information being sought, pursuant to statute and a written agreement between  
42 the department and the foreign country, agency, state, Indian tribe or  
43 organization:

44 (a) The United States internal revenue service, alcohol and tobacco  
45 tax and trade bureau of the United States treasury, United States bureau of  
46 alcohol, tobacco, firearms and explosives of the United States department of

1 justice, United States drug enforcement agency and federal bureau of  
2 investigation.

3 (b) A state tax official of another state.

4 (c) An organization of states, federation of tax administrators or  
5 multistate tax commission that operates an information exchange for tax  
6 administration purposes.

7 (d) An agency, official or organization of a foreign country with  
8 responsibilities that are comparable to those listed in subdivision (a), (b)  
9 or (c) of this paragraph.

10 (e) An agency, official or organization of an Indian tribal government  
11 with responsibilities comparable to the responsibilities of the agencies,  
12 officials or organizations identified in subdivision (a), (b) or (c) of this  
13 paragraph.

14 6. The auditor general, in connection with any audit of the department  
15 subject to the restrictions in section 42-2002, subsection D.

16 7. Any person to the extent necessary for effective tax administration  
17 in connection with:

18 (a) The processing, storage, transmission, destruction and  
19 reproduction of the information.

20 (b) The programming, maintenance, repair, testing and procurement of  
21 equipment for purposes of tax administration.

22 (c) **THE COLLECTION OF THE TAXPAYER'S CIVIL LIABILITY.**

23 8. The office of administrative hearings relating to taxes  
24 administered by the department pursuant to section 42-1101, but the  
25 department shall not disclose any confidential information:

26 (a) Regarding income tax, withholding tax or estate tax.

27 (b) On any tax issue relating to information associated with the  
28 reporting of income tax, withholding tax or estate tax.

29 9. The United States treasury inspector general for tax administration  
30 for the purpose of reporting a violation of internal revenue code section  
31 7213A (26 United States Code section 7213A), unauthorized inspection of  
32 returns or return information.

33 10. The financial management service of the United States treasury  
34 department for use in the treasury offset program.

35 11. The United States treasury department or its authorized agent for  
36 use in the state income tax levy program and in the electronic federal tax  
37 payment system.

38 12. The department of commerce for its use in:

39 (a) Qualifying motion picture production companies for the tax  
40 incentives provided for motion picture production under chapter 5 of this  
41 title and sections 43-1075 and 43-1163.

42 (b) Qualifying applicants for the motion picture infrastructure  
43 project tax credits under sections 43-1075.01 and 43-1163.01.

44 (c) Qualifying renewable energy operations for the tax incentives  
45 under sections 42-12006, 43-1083.01 and 43-1164.01.

1 (d) Fulfilling its annual reporting responsibility pursuant to section  
2 41-1511, subsections T and U and section 41-1517, subsections S and T.

3 13. A prosecutor for purposes of section 32-1164, subsection C.

4 14. The state fire marshal for use in determining compliance with and  
5 enforcing title 41, chapter 16, article 3.1.

6 C. Confidential information may be disclosed in any state or federal  
7 judicial or administrative proceeding pertaining to tax administration  
8 pursuant to the following conditions:

9 1. One or more of the following circumstances must apply:

10 (a) The taxpayer is a party to the proceeding.

11 (b) The proceeding arose out of, or in connection with, determining  
12 the taxpayer's civil or criminal liability, or the collection of the  
13 taxpayer's civil liability, with respect to any tax imposed under this title  
14 or title 43.

15 (c) The treatment of an item reflected on the taxpayer's return is  
16 directly related to the resolution of an issue in the proceeding.

17 (d) Return information directly relates to a transactional  
18 relationship between a person who is a party to the proceeding and the  
19 taxpayer and directly affects the resolution of an issue in the proceeding.

20 2. Confidential information may not be disclosed under this subsection  
21 if the disclosure is prohibited by section 42-2002, subsection C or D.

22 D. Identity information may be disclosed for purposes of notifying  
23 persons entitled to tax refunds if the department is unable to locate the  
24 persons after reasonable effort.

25 E. The department, upon the request of any person, shall provide the  
26 names and addresses of bingo licensees as defined in section 5-401, verify  
27 whether or not a person has a privilege license and number, a distributor's  
28 license and number or a withholding license and number or disclose the  
29 information to be posted on the department's ~~web-site~~ WEBSITE or otherwise  
30 publicly accessible pursuant to section 42-1124, subsection F and section  
31 42-3201, subsection A.

32 F. A department employee, in connection with the official duties  
33 relating to any audit, collection activity or civil or criminal  
34 investigation, may disclose return information to the extent that disclosure  
35 is necessary to obtain information which is not otherwise reasonably  
36 available. These official duties include the correct determination of and  
37 liability for tax, the amount to be collected or the enforcement of other  
38 state tax revenue laws.

39 G. If an organization is exempt from this state's income tax as  
40 provided in section 43-1201 for any taxable year, the name and address of the  
41 organization and the application filed by the organization upon which the  
42 department made its determination for exemption together with any papers  
43 submitted in support of the application and any letter or document issued by  
44 the department concerning the application are open to public inspection.

45 H. Confidential information relating to transaction privilege tax, use  
46 tax, severance tax, jet fuel excise and use tax and rental occupancy tax may

1 be disclosed to any county, city or town tax official if the information  
2 relates to a taxpayer who is or may be taxable by the county, city or town.  
3 Any taxpayer information released by the department to the county, city or  
4 town:

5 1. May only be used for internal purposes.  
6 2. May not be disclosed to the public in any manner that does not  
7 comply with confidentiality standards established by the department. The  
8 county, city or town shall agree in writing with the department that any  
9 release of confidential information that violates the confidentiality  
10 standards adopted by the department will result in the immediate suspension  
11 of any rights of the county, city or town to receive taxpayer information  
12 under this subsection.

13 I. The department may disclose statistical information gathered from  
14 confidential information if it does not disclose confidential information  
15 attributable to any one taxpayer. In order to comply with the requirements  
16 of section 42-5029, subsection A, paragraph 3, the department may disclose to  
17 the state treasurer statistical information gathered from confidential  
18 information, even if it discloses confidential information attributable to a  
19 taxpayer.

20 J. The department may disclose the aggregate amounts of any tax  
21 credit, tax deduction or tax exemption enacted after January 1, 1994.  
22 Information subject to disclosure under this subsection shall not be  
23 disclosed if a taxpayer demonstrates to the department that such information  
24 would give an unfair advantage to competitors.

25 K. Except as provided in section 42-2002, subsection C, confidential  
26 information, described in section 42-2001, paragraph 2, subdivision (a), item  
27 (iii), may be disclosed to law enforcement agencies for law enforcement  
28 purposes.

29 L. The department may provide transaction privilege tax license  
30 information to property tax officials in a county for the purpose of  
31 identification and verification of the tax status of commercial property.

32 M. The department may provide transaction privilege tax, luxury tax,  
33 use tax, property tax and severance tax information to the ombudsman-citizens  
34 aide pursuant to title 41, chapter 8, article 5.

35 N. Except as provided in section 42-2002, subsection D, a court may  
36 order the department to disclose confidential information pertaining to a  
37 party to an action. An order shall be made only upon a showing of good cause  
38 and that the party seeking the information has made demand upon the taxpayer  
39 for the information.

40 O. This section does not prohibit the disclosure by the department of  
41 any information or documents submitted to the department by a bingo licensee.  
42 Before disclosing the information the department shall obtain the name and  
43 address of the person requesting the information.

44 P. If the department is required or permitted to disclose confidential  
45 information, it may charge the person or agency requesting the information  
46 for the reasonable cost of its services.



1 Q. Except as provided in section 42-2002, subsection D, the department  
2 of revenue shall release confidential information as requested by the  
3 department of economic security pursuant to section 42-1122 or 46-291.  
4 Information disclosed under this subsection is limited to the same type of  
5 information that the United States internal revenue service is authorized to  
6 disclose under section 6103(1)(6) of the internal revenue code.

7 R. Except as provided in section 42-2002, subsection D, the department  
8 of revenue shall release confidential information as requested by the courts  
9 and clerks of the court pursuant to section 42-1122.

10 S. To comply with the requirements of section 42-5031, the department  
11 may disclose to the state treasurer, to the county stadium district board of  
12 directors and to any city or town tax official that is part of the county  
13 stadium district confidential information attributable to a taxpayer's  
14 business activity conducted in the county stadium district.

15 T. The department shall release confidential information as requested  
16 by the attorney general for purposes of determining compliance with and  
17 enforcing section 44-7101, the master settlement agreement referred to  
18 therein and subsequent agreements to which the state is a party that amend or  
19 implement the master settlement agreement. Information disclosed under this  
20 subsection is limited to luxury tax information relating to tobacco  
21 manufacturers, distributors, wholesalers and retailers and information  
22 collected by the department pursuant to section 44-7101(2)(j).

23 U. For proceedings before the department, the office of administrative  
24 hearings, the board of tax appeals or any state or federal court involving  
25 penalties that were assessed against a return preparer, ~~OR AN~~ electronic  
26 return preparer ~~OR A PAYROLL SERVICE COMPANY~~ pursuant to section 42-1103.02,  
27 ~~OR 42-1125.01 OR 43-419~~, confidential information may be disclosed only  
28 before the judge or administrative law judge adjudicating the proceeding, the  
29 parties to the proceeding and the parties' representatives in the proceeding  
30 prior to its introduction into evidence in the proceeding. The confidential  
31 information may be introduced as evidence in the proceeding only if the  
32 taxpayer's name, the names of any dependents listed on the return, all social  
33 security numbers, the taxpayer's address, the taxpayer's signature and any  
34 attachments containing any of the foregoing information are redacted and if  
35 either:

36 1. The treatment of an item reflected on such return is or may be  
37 related to the resolution of an issue in the proceeding.

38 2. Such return or return information relates or may relate to a  
39 transactional relationship between a person who is a party to the proceeding  
40 and the taxpayer which directly affects the resolution of an issue in the  
41 proceeding.

42 3. THE METHOD OF PAYMENT OF THE TAXPAYER'S WITHHOLDING TAX LIABILITY  
43 OR THE METHOD OF FILING THE TAXPAYER'S WITHHOLDING TAX RETURN IS AN ISSUE FOR  
44 THE PERIOD.

45 V. The department may disclose to the attorney general confidential  
46 information received under section 44-7111 and requested by the attorney

1 general for purposes of determining compliance with and enforcing section  
2 44-7111. The department and attorney general shall share with each other the  
3 information received under section 44-7111, and may share the information  
4 with other federal, state or local agencies only for the purposes of  
5 enforcement of section 44-7101, section 44-7111 or corresponding laws of  
6 other states.

7 W. The department may provide the name and address of qualifying  
8 hospitals and qualifying health care organizations, as defined in section  
9 42-5001, to a business classified and reporting transaction privilege tax  
10 under the utilities classification.

11 Sec. 29. Section 42-2066, Arizona Revised Statutes, is amended to  
12 read:

13 42-2066. Statute of limitations on tax debts

14 ~~A.~~ A taxpayer's obligations for any tax, interest or penalty required  
15 to be collected by the department for any tax period are extinguished, if not  
16 previously satisfied, ~~six~~ TEN years after the amount of tax determined to be  
17 due becomes final unless one of the following circumstances applies:

18 1. The department has commenced a suit to collect the debt pursuant to  
19 section 42-1114.

20 2. The taxpayer has agreed in writing to extend this time period  
21 before the time period expires.

22 3. Enforced collection has been stayed by the operation of federal or  
23 state law during the period. The period of limitations prescribed by this  
24 section is extended by the period of time that the department was stayed from  
25 engaging in enforced collections.

26 ~~B. If a tax obligation is extinguished pursuant to this section, any~~  
27 ~~related liens for those obligations are also extinguished.~~

28 Sec. 30. Section 42-5014, Arizona Revised Statutes, is amended to  
29 read:

30 42-5014. Return and payment of tax; estimated tax; extensions;  
31 abatements

32 A. Except as provided in subsection B, C or D of this section, the  
33 taxes levied under this article:

34 1. Are due and payable monthly in the form required by section 42-5018  
35 for the amount of the tax, to the department, on or before the twentieth day  
36 of the month next succeeding the month in which the tax accrues.

37 2. Are delinquent as follows:

38 (a) For taxpayers electing to file by mail, if not postmarked on or  
39 before the twenty-fifth day of that month or if not received by the  
40 department on or before the business day preceding the last business day of  
41 the month.

42 (b) For taxpayers electing to file and pay electronically in any  
43 month, if not received by the department on or before the last business day  
44 of the month.

45 (c) For all other taxpayers, if not received by the department on or  
46 before the business day preceding the last business day of the month.

1           B. The department, for any taxpayer whose estimated annual liability  
2 for taxes imposed by this article is between five hundred dollars and one  
3 thousand two hundred fifty dollars, may authorize such taxpayer to pay such  
4 taxes on a quarterly basis. The department, for any taxpayer whose estimated  
5 annual liability for taxes imposed by this article is five hundred dollars or  
6 less, may authorize such taxpayer to pay such taxes on an annual basis.

7           C. The department may require a taxpayer whose business is of a  
8 transient character to file the return and remit the taxes imposed by this  
9 article on a daily, a weekly or a transaction by transaction basis, and those  
10 returns and payments are due and payable on the date fixed by the department  
11 without a grace period otherwise allowed by this section. For the purposes  
12 of this subsection, "business of a transient character" means sales activity  
13 by a taxpayer not regularly engaged in selling within the state conducted  
14 from vehicles, portable stands, rented spaces, structures or booths, or  
15 concessions at fairs, carnivals, circuses, festivals or similar activities  
16 for not more than thirty consecutive days.

17           D. IN 2010, 2011 AND 2012, IF A BUSINESS ENTITY UNDER WHICH A TAXPAYER  
18 REPORTS AND PAYS INCOME TAX UNDER TITLE 43 HAS AN ANNUAL TOTAL TAX LIABILITY  
19 UNDER THIS ARTICLE, ARTICLE 6 OF THIS CHAPTER AND CHAPTER 6, ARTICLE 3 OF  
20 THIS TITLE IN CALENDAR YEAR 2010, 2011 OR 2012 OF ONE HUNDRED THOUSAND  
21 DOLLARS OR MORE, BASED ON THE ACTUAL TAX LIABILITY IN CALENDAR YEAR 2009,  
22 2010 OR 2011, REGARDLESS OF THE NUMBER OF OFFICES AT WHICH THE TAXES IMPOSED  
23 BY THIS ARTICLE, ARTICLE 6 OF THIS CHAPTER OR CHAPTER 6, ARTICLE 3 OF THIS  
24 TITLE ARE COLLECTED, OR IF THE TAXPAYER CAN REASONABLY ANTICIPATE SUCH  
25 LIABILITY IN CALENDAR YEAR 2010, 2011 OR 2012, THE TAXPAYER SHALL REPORT ON A  
26 FORM PRESCRIBED BY THE DEPARTMENT AND PAY AN ESTIMATED TAX PAYMENT IN JUNE,  
27 2010, 2011 OR 2012. THEREAFTER, if the business entity under which a  
28 taxpayer reports and pays income tax under title 43 has an annual total tax  
29 liability under this article, article 6 of this chapter and chapter 6,  
30 article 3 of this title of one million dollars or more, based on the actual  
31 tax liability in the preceding calendar year, regardless of the number of  
32 offices at which the taxes imposed by this article, article 6 of this chapter  
33 or chapter 6, article 3 of this title are collected, or if the taxpayer can  
34 reasonably anticipate such liability in the current year, the taxpayer shall  
35 report on a form prescribed by the department and pay an estimated tax  
36 payment each June. Any other taxpayer may voluntarily elect to pay the  
37 estimated tax payment pursuant to this subsection. The payment shall be made  
38 on or before June 20 and is delinquent if not postmarked on or before that  
39 date or if not received by the department on or before the business day  
40 preceding the last business day of June for those taxpayers electing to file  
41 by mail, or delinquent if not received by the department on the business day  
42 preceding the last business day of June for those taxpayers electing to file  
43 in person. The estimated tax paid shall be credited against the taxpayer's  
44 tax liability under this article, article 6 of this chapter and chapter 6,  
45 article 3 of this title for the month of June for the current calendar year.  
46 The estimated tax payment shall equal either:

1           1. One-half of the actual tax liability under this article plus  
2 one-half of any tax liability under article 6 of this chapter and chapter 6,  
3 article 3 of this title for May of the current calendar year.

4           2. The actual tax liability under this article plus any tax liability  
5 under article 6 of this chapter and chapter 6, article 3 of this title for  
6 the first fifteen days of June of the current calendar year.

7           E. The taxpayer shall prepare a return showing the amount of the tax  
8 for which the taxpayer is liable for the preceding month, and shall mail or  
9 deliver the return to the department in the same manner and time as  
10 prescribed for the payment of taxes in subsection A of this section. If the  
11 taxpayer fails to file the return in the manner and time as prescribed for  
12 the payment of taxes in subsection A of this section, the amount of the tax  
13 required to be shown on the return is subject to the penalty imposed pursuant  
14 to section 42-1125, subsection A, without any reduction for taxes paid on or  
15 before the due date of the return. The return shall be verified by the oath  
16 of the taxpayer or an authorized agent or as prescribed by the department  
17 pursuant to section 42-1105, subsection B.

18           F. Any person who is taxable under this article and who makes cash and  
19 credit sales shall report such cash and credit sales separately and upon  
20 making application may obtain from the department an extension of time for  
21 payment of taxes due on the credit sales. The extension shall be granted by  
22 the department under such rules as the department prescribes. When the  
23 extension is granted, the taxpayer shall thereafter include in each monthly  
24 report all collections made on such credit sales during the month next  
25 preceding and shall pay the taxes due at the time of filing such report.

26           G. The returns required under this article shall be made upon forms  
27 prescribed by the department.

28           H. The department, for good cause, may extend the time for making any  
29 return required by this article and may grant such reasonable additional time  
30 within which to make the return as it deems proper, but the time for filing  
31 the return shall not be extended beyond the first day of the third month next  
32 succeeding the regular due date of the return.

33           I. The department, with the approval of the attorney general, may  
34 abate small tax balances if the administration costs exceed the amount of tax  
35 due.

36           J. For the purposes of subsection D of this section, "taxpayer" means  
37 the business entity under which the business reports and pays state income  
38 taxes regardless of the number of offices at which the taxes imposed by this  
39 article, article 6 of this chapter or chapter 6, article 3 of this title are  
40 collected.

41           Sec. 31. Section 42-5029, Arizona Revised Statutes, is amended to  
42 read:

43           42-5029. Remission and distribution of monies; definition

44           A. The department shall deposit, pursuant to sections 35-146 and  
45 35-147, all revenues collected under this article and articles 4, 5 and 8 of  
46 this chapter pursuant to section 42-1116, separately accounting for:

- 1           1. Payments of estimated tax under section 42-5014, subsection D.  
2           2. Revenues collected pursuant to section 42-5070.  
3           3. Revenues collected under this article and article 5 of this chapter  
4 from and after June 30, 2000 from sources located on Indian reservations in  
5 this state.  
6           4. Revenues collected pursuant to section 42-5010, subsection G and  
7 section 42-5155, subsection D.  
8           B. The department shall credit payments of estimated tax to an  
9 estimated tax clearing account and each month shall transfer all monies in  
10 the estimated tax clearing account to a fund designated as the transaction  
11 privilege and severance tax clearing account. The department shall credit  
12 all other payments to the transaction privilege and severance tax clearing  
13 account, separately accounting for the monies designated as distribution base  
14 under sections 42-5010, 42-5164, 42-5205 and 42-5353. Each month the  
15 department shall report to the state treasurer the amount of monies collected  
16 pursuant to this article and articles 4, 5 and 8 of this chapter.  
17           C. On notification by the department, the state treasurer shall  
18 distribute the monies deposited in the transaction privilege and severance  
19 tax clearing account in the manner prescribed by this section and by sections  
20 42-5164, 42-5205 and 42-5353, after deducting warrants drawn against the  
21 account pursuant to sections 42-1118 and 42-1254.  
22           D. Of the monies designated as distribution base the department shall:  
23           1. Pay twenty-five per cent to the various incorporated municipalities  
24 in this state in proportion to their population to be used by the  
25 municipalities for any municipal purpose.  
26           2. Pay 38.08 per cent to the counties in this state by averaging the  
27 following proportions:  
28           (a) The proportion that the population of each county bears to the  
29 total state population.  
30           (b) The proportion that the distribution base monies collected during  
31 the calendar month in each county under this article, section 42-5164,  
32 subsection B, section 42-5205, subsection B and section 42-5353 bear to the  
33 total distribution base monies collected under this article, section 42-5164,  
34 subsection B, section 42-5205, subsection B and section 42-5353 throughout  
35 the state for the calendar month.  
36           3. Pay an additional 2.43 per cent to the counties in this state as  
37 follows:  
38           (a) Average the following proportions:  
39           (i) The proportion that the assessed valuation used to determine  
40 secondary property taxes of each county, after deducting that part of the  
41 assessed valuation that is exempt from taxation at the beginning of the month  
42 for which the amount is to be paid, bears to the total assessed valuations  
43 used to determine secondary property taxes of all the counties after  
44 deducting that portion of the assessed valuations that is exempt from  
45 taxation at the beginning of the month for which the amount is to be paid.  
46 Property of a city or town that is not within or contiguous to the municipal

1 corporate boundaries and from which water is or may be withdrawn or diverted  
2 and transported for use on other property is considered to be taxable  
3 property in the county for purposes of determining assessed valuation in the  
4 county under this item.

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

11 (b) If the proportion computed under subdivision (a) of this paragraph  
12 for any county is greater than the proportion computed under paragraph 2 of  
13 this subsection, the department shall compute the difference between the  
14 amount distributed to that county under paragraph 2 of this subsection and  
15 the amount that would have been distributed under paragraph 2 of this  
16 subsection using the proportion computed under subdivision (a) of this  
17 paragraph and shall pay that difference to the county from the amount  
18 available for distribution under this paragraph. Any monies remaining after  
19 all payments under this subdivision shall be distributed among the counties  
20 according to the proportions computed under paragraph 2 of this subsection.

21 4. After any distributions required by sections 42-5030, 42-5030.01,  
22 42-5031, 42-5032 and 42-5032.01, and after making any transfer to the water  
23 quality assurance revolving fund as required by section 49-282, subsection B,  
24 credit the remainder of the monies designated as distribution base to the  
25 state general fund. From this amount:—

26 ~~(a)~~ the legislature shall annually appropriate to:

27 ~~(i)~~ (a) The department of revenue sufficient monies to administer and  
28 enforce this article and articles 5 and 8 of this chapter.

29 ~~(ii)~~ (b) The department of economic security monies to be used for  
30 the purposes stated in title 46, chapter 1.

31 ~~(iii)~~ (c) The firearms safety and ranges fund established by section  
32 17-273, fifty thousand dollars derived from the taxes collected from the  
33 retail classification pursuant to section 42-5061 for the current fiscal  
34 year.

35 ~~(b) The state treasurer shall transfer to the tourism fund an amount~~  
36 ~~equal to the sum of the following:~~

37 ~~(i) Three and one-half per cent of the gross revenues derived from the~~  
38 ~~transient lodging classification pursuant to section 42-5070 during the~~  
39 ~~preceding fiscal year.~~

40 ~~(ii) Three per cent of the gross revenues derived from the amusement~~  
41 ~~classification pursuant to section 42-5073 during the preceding fiscal year.~~

42 ~~(iii) Two per cent of the gross revenues derived from the restaurant~~  
43 ~~classification pursuant to section 42-5074 during the preceding fiscal year.~~

44 E. If approved by the qualified electors voting at a statewide general  
45 election, all monies collected pursuant to section 42-5010, subsection G and  
46 section 42-5155, subsection D shall be distributed each fiscal year pursuant

1 to this subsection. The monies distributed pursuant to this subsection are  
2 in addition to any other appropriation, transfer or other allocation of  
3 public or private monies from any other source and shall not supplant,  
4 replace or cause a reduction in other school district, charter school,  
5 university or community college funding sources. The monies shall be  
6 distributed as follows:

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

16 2. After any transfer of monies pursuant to paragraph 1 of this  
17 subsection, twelve per cent of the remaining monies collected during the  
18 preceding month shall be transferred to the technology and research  
19 initiative fund established by section 15-1648 to be distributed among the  
20 universities for the purpose of investment in technology and research-based  
21 initiatives.

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

27 4. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
28 subsection, one-twelfth of the amount a community college that is owned,  
29 operated or chartered by a qualifying Indian tribe on its own Indian  
30 reservation would receive pursuant to section 15-1472, subsection D,  
31 paragraph 2 if it were a community college district shall be distributed each  
32 month to the treasurer or other designated depository of a qualifying Indian  
33 tribe. Monies distributed pursuant to this paragraph are for the exclusive  
34 purpose of providing support to one or more community colleges owned,  
35 operated or chartered by a qualifying Indian tribe and shall be used in a  
36 manner consistent with section 15-1472, subsection B. For the purposes of  
37 this paragraph, "qualifying Indian tribe" has the same meaning as defined in  
38 section 42-5031.01, subsection D.

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

44 (a) In fiscal year 2001-2002, \$15,305,900.

45 (b) In fiscal year 2002-2003, \$31,530,100.

46 (c) In fiscal year 2003-2004, \$48,727,700.

1 (d) In fiscal year 2004-2005, \$66,957,200.

2 (e) In fiscal year 2005-2006 and each fiscal year thereafter,  
3 \$86,280,500.

4 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
5 subsection, seven million eight hundred thousand dollars is appropriated each  
6 fiscal year, to be paid in monthly installments, to the department of  
7 education to be used for school safety as provided in section 15-154 and two  
8 hundred thousand dollars is appropriated each fiscal year, to be paid in  
9 monthly installments to the department of education to be used for the  
10 character education matching grant program as provided in section 15-154.01.

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

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

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

24 10. After the payment of monies pursuant to paragraphs 1 through 9 of  
25 this subsection, the remaining monies collected during the preceding month  
26 shall be transferred to the classroom site fund established by section  
27 15-977. The monies shall be allocated as follows in the manner prescribed by  
28 section 15-977:

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

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

33 (c) Forty per cent shall be allocated for maintenance and operation  
34 purposes.

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

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



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

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

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

30 J. Except as otherwise provided by this subsection, on notice from the  
31 department of revenue pursuant to section 42-6010, subsection B, the state  
32 treasurer shall withhold from the distribution of monies pursuant to this  
33 section to the affected city or town the amount of the penalty for business  
34 location municipal tax incentives provided by the city or town to a business  
35 entity that locates a retail business facility in the city or town. The  
36 state treasurer shall continue to withhold monies pursuant to this subsection  
37 until the entire amount of the penalty has been withheld. The state  
38 treasurer shall credit any monies withheld pursuant to this subsection to the  
39 state general fund as provided by subsection D, paragraph 4 of this section.  
40 The state treasurer shall not withhold any amount that the city or town  
41 certifies to the department of revenue and the state treasurer as being  
42 necessary to make any required deposits or payments for debt service on bonds  
43 or other long-term obligations of the city or town that were issued or  
44 incurred before the location incentives provided by the city or town.

45 K. ON NOTICE FROM THE AUDITOR GENERAL PURSUANT TO SECTION 9-626,  
46 SUBSECTION D, THE STATE TREASURER SHALL WITHHOLD FROM THE DISTRIBUTION OF

1 MONIES PURSUANT TO THIS SECTION TO THE AFFECTED CITY THE AMOUNT COMPUTED  
2 PURSUANT TO SECTION 9-626, SUBSECTION D. THE STATE TREASURER SHALL CONTINUE  
3 TO WITHHOLD MONIES PURSUANT TO THIS SUBSECTION UNTIL THE ENTIRE AMOUNT  
4 SPECIFIED IN THE NOTICE HAS BEEN WITHHELD. THE STATE TREASURER SHALL CREDIT  
5 ANY MONIES WITHHELD PURSUANT TO THIS SUBSECTION TO THE STATE GENERAL FUND AS  
6 PROVIDED BY SUBSECTION D, PARAGRAPH 4 OF THIS SECTION.

7 ~~K.~~ L. For the purposes of this section, "community college district"  
8 means a community college district that is established pursuant to sections  
9 15-1402 and 15-1403 and that is a political subdivision of this state.

10 Sec. 32. Section 42-5070, Arizona Revised Statutes, is amended to  
11 read:

12 42-5070. Transient lodging classification; definition

13 A. The transient lodging classification is comprised of the business  
14 of operating, for occupancy by transients, a hotel or motel, including an  
15 inn, tourist home or house, dude ranch, resort, campground, studio or  
16 bachelor hotel, lodging house, rooming house, apartment house, dormitory,  
17 public or private club, mobile home or house trailer at a fixed location or  
18 other similar structure, and also including a space, lot or slab which is  
19 occupied or intended or designed for occupancy by transients in a mobile home  
20 or house trailer furnished by them for such occupancy.

21 B. The transient lodging classification does not include:

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

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

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

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

40 1. Gross proceeds of sales or gross income derived from business  
41 activity that is properly included in another business classification under  
42 this article and that is taxable to the person engaged in that business  
43 classification, but the gross proceeds of sales or gross income to be  
44 deducted shall not exceed the consideration paid to the person conducting the  
45 activity.

1           2. Gross proceeds of sales or gross income from leases or rentals of  
2 lodging space to a motion picture production company if, at the time of lease  
3 or rental, the motion picture production company presents to the business its  
4 certificate of qualification that is issued pursuant to section 42-5009,  
5 subsection H.

6           D. For the purposes of this section, the tax base for the transient  
7 lodging classification does not include gross proceeds of sales or gross  
8 income derived from:

9           1. Transactions or activities that are not limited to transients and  
10 that would not be taxable if engaged in by a person not subject to tax under  
11 this article.

12           2. Transactions or activities that are not limited to transients and  
13 that would not be taxable if engaged in by a person subject to taxation under  
14 section 42-5062 or 42-5073 due to an exclusion, exemption or deduction.

15           3. Commissions paid to a person that is engaged in transient lodging  
16 business subject to taxation under this section by a person providing  
17 services or property to the customers of the person engaging in the transient  
18 lodging business.

19           ~~E. The department shall separately account for revenues collected~~  
20 ~~under the transient lodging classification for purposes of section 42-5029,~~  
21 ~~subsection D, paragraph 4, subdivision (b).~~

22           ~~F.~~ E. For the purposes of this section, "transient" means any person  
23 who either at the person's own expense or at the expense of another obtains  
24 lodging space or the use of lodging space on a daily or weekly basis, or on  
25 any other basis for less than thirty consecutive days.

26           Sec. 33. Section 42-5073, Arizona Revised Statutes, is amended to  
27 read:

28           42-5073. Amusement classification

29           A. The amusement classification is comprised of the business of  
30 operating or conducting theaters, movies, operas, shows of any type or  
31 nature, exhibitions, concerts, carnivals, circuses, amusement parks,  
32 menageries, fairs, races, contests, games, billiard or pool parlors, bowling  
33 alleys, public dances, dance halls, boxing and wrestling matches, skating  
34 rinks, tennis courts, except as provided in subsection B of this section,  
35 video games, pinball machines, sports events or any other business charging  
36 admission or user fees for exhibition, amusement or entertainment, including  
37 the operation or sponsorship of events by a tourism and sports authority  
38 under title 5, chapter 8. For purposes of this section, admission or user  
39 fees include, but are not limited to, any revenues derived from any form of  
40 contractual agreement for rights to or use of premium or special seating  
41 facilities or arrangements. The amusement classification does not include:

42           1. Activities or projects of bona fide religious or educational  
43 institutions.

44           2. Private or group instructional activities. For the purposes of  
45 this paragraph, "private or group instructional activities" includes, but is

1 not limited to, performing arts, martial arts, gymnastics and aerobic  
2 instruction.

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

5 4. A musical, dramatic or dance group or a botanical garden, museum or  
6 zoo that is qualified as a nonprofit charitable organization under section  
7 501(c)(3) of the United States internal revenue code and if no part of its  
8 net income inures to the benefit of any private shareholder or individual.

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

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

21 7. Sales of admissions to intercollegiate football contests if the  
22 contests are both:

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

27 (b) Not held in a multipurpose facility that is owned or operated by  
28 the tourism and sports authority pursuant to title 5, chapter 8.

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

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

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

41 9. Activities and events of, or fees received by, a nonprofit  
42 organization that is exempt from taxation under section 501(c)(6) of the  
43 internal revenue code if the organization produces, organizes or promotes  
44 cultural or civic related festivals or events and no part of the  
45 organization's net earnings inures to the benefit of any private shareholder  
46 or individual.

1           10. Arranging an amusement activity as a service to a person's  
2 customers if that person is not otherwise engaged in the business of  
3 operating or conducting an amusement ~~themselves~~ PERSONALLY or through others.  
4 This exception does not apply to businesses that operate or conduct  
5 amusements pursuant to customer orders and send the billings and receive the  
6 payments associated with that activity, including when the amusement is  
7 performed by third party independent contractors. For the purposes of this  
8 paragraph, "arranging" includes billing for or collecting amusement charges  
9 from a person's customers on behalf of the persons providing the amusement.

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

13           1. The gross proceeds of sales or gross income derived from  
14 memberships, including initiation fees, which provide for the right to use a  
15 health or fitness establishment or a private recreational establishment, or  
16 any portion of an establishment, including tennis and other racquet courts at  
17 that establishment, for participatory purposes for twenty-eight days or more  
18 and fees charged for use of the health or fitness establishment or private  
19 recreational establishment by bona fide accompanied guests of members, except  
20 that this paragraph does not include additional fees, other than initiation  
21 fees, charged by a health or fitness establishment or a private recreational  
22 establishment for purposes other than memberships which provide for the right  
23 to use a health or fitness establishment or private recreational  
24 establishment, or any portion of an establishment, for participatory purposes  
25 for twenty-eight days or more and accompanied guest use fees.

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

27           3. The gross proceeds of sales or gross income derived from membership  
28 fees, including initiation fees, that provide for the right to use a  
29 transient lodging recreational establishment, including golf courses and  
30 tennis and other racquet courts at that establishment, for participatory  
31 purposes for twenty-eight days or more, except that this paragraph does not  
32 include additional fees, other than initiation fees, that are charged by a  
33 transient lodging recreational establishment for purposes other than  
34 memberships and that provide for the right to use a transient lodging  
35 recreational establishment or any portion of the establishment for  
36 participatory purposes for twenty-eight days or more.

37           4. The gross proceeds of sales or gross income derived from sales to  
38 persons engaged in the business of transient lodging classified under section  
39 42-5070, if all of the following apply:

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

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

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

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

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

6 (b) Business activity that is arranged by the person who is subject to  
7 tax under this section and that is not taxable to the person conducting the  
8 activity due to an exclusion, exemption or deduction under this section or  
9 section 42-5062, but the gross proceeds of sales or gross income to be  
10 deducted shall not exceed the consideration paid to the person conducting the  
11 activity.

12 (c) Business activity that is arranged by a person who is subject to  
13 tax under this section and that is taxable to another person under this  
14 section who conducts the activity, but the gross proceeds of sales or gross  
15 income to be deducted shall not exceed the consideration paid to the person  
16 conducting the activity.

17 C. For the purposes of subsection B of this section:

18 1. "Health or fitness establishment" means a facility whose primary  
19 purpose is to provide facilities, equipment, instruction or education to  
20 promote the health and fitness of its members and at least eighty per cent of  
21 the monthly gross revenue of the facility is received through accounts of  
22 memberships and accompanied guest use fees which provide for the right to use  
23 the facility, or any portion of the facility, under the terms of the  
24 membership agreement for participatory purposes for twenty-eight days or  
25 more.

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

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

38 D. Until December 31, 1988, the revenues from hayrides and other  
39 animal-drawn amusement rides, from horseback riding and riding instruction  
40 and from recreational tours using motor vehicles designed to operate on and  
41 off public highways are exempt from the tax imposed by this section.  
42 Beginning January 1, 1989, the gross proceeds or gross income from hayrides  
43 and other animal-drawn amusement rides, from horseback riding and from  
44 recreational tours using motor vehicles designed to operate on and off public  
45 highways are subject to taxation under this section. Tax liabilities,  
46 penalties and interest paid for taxable periods before January 1, 1989 shall

1 not be refunded unless the taxpayer requesting the refund provides proof  
2 satisfactory to the department that the taxes will be returned to the  
3 customer.

4 E. If a person is engaged in the business of offering both exhibition,  
5 amusement or entertainment and private or group instructional activities, the  
6 person's books shall be kept to show separately the gross income from  
7 exhibition, amusement or entertainment and the gross income from  
8 instructional activities. If the books do not provide this separate  
9 accounting, the tax is imposed on the person's total gross income from the  
10 business.

11 ~~F. The department shall separately account for revenues collected~~  
12 ~~under the amusement classification for purposes of section 42-5029,~~  
13 ~~subsection D, paragraph 4, subdivision (b).~~

14 ~~G.~~ F. For purposes of section 42-5032.01, the department shall  
15 separately account for revenues collected under the amusement classification  
16 from sales of admissions to:

17 1. Events that are held in a multipurpose facility that is owned or  
18 operated by the tourism and sports authority pursuant to title 5, chapter 8,  
19 including intercollegiate football contests that are operated by a nonprofit  
20 organization that is exempt from taxation under section 501(c)(3) of the  
21 internal revenue code.

22 2. Professional football contests that are held in a stadium located  
23 on the campus of an institution under the jurisdiction of the Arizona board  
24 of regents.

25 Sec. 34. Section 42-5074, Arizona Revised Statutes, is amended to  
26 read:

27 42-5074. Restaurant classification

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

32 B. The tax base for the restaurant classification is the gross  
33 proceeds of sales or gross income derived from the business. The gross  
34 proceeds of sales or gross income derived from the following shall be  
35 deducted from the tax base:

36 1. Sales to a person engaged in business classified under the  
37 restaurant classification if the items sold are to be resold in the regular  
38 course of the business.

39 2. Sales by a congressionally chartered veterans organization of food  
40 or drink prepared for consumption on the premises leased, owned or maintained  
41 by the organization.

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

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

7           5. Sales at a rodeo featuring primarily farm and ranch animals in this  
8 state by a nonprofit organization that is exempt from taxation under section  
9 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7) or 501(c)(8) of the internal  
10 revenue code and no part of the organization's net earnings inures to the  
11 benefit of any private shareholder or individual.

12           6. Sales by any nonprofit organization organized and operated  
13 exclusively for charitable purposes and recognized by the United States  
14 internal revenue service under section 501(c)(3) of the internal revenue  
15 code.

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

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

21           9. Sales of food, drink and condiment for consumption within the  
22 premises of any prison, jail or other institution under the jurisdiction of  
23 the state department of corrections, the department of public safety, the  
24 department of juvenile corrections or a county sheriff.

25           10. Sales of catered food, drink and condiment to a motion picture  
26 production company. To qualify for this deduction, at the time of purchase,  
27 the motion picture production company must present to the business its  
28 certificate of qualification that is issued pursuant to section 42-5009,  
29 subsection H and that establishes its qualification for the deduction.

30           11. Sales of articles of prepared or unprepared food, drink or  
31 condiment and accessory tangible personal property to a school district or  
32 charter school if the articles and accessory tangible personal property are  
33 served to persons for consumption on the premises of a public school in the  
34 school district or charter school during school hours.

35           12. Prepared food, drink or condiment donated by a restaurant to a  
36 nonprofit charitable organization that has qualified under section 501(c)(3)  
37 of the internal revenue code and that regularly serves meals to the needy and  
38 indigent on a continuing basis at no cost.

39           C. The tax imposed on the restaurant classification pursuant to this  
40 section does not apply to the gross proceeds of sales or gross income from  
41 tangible personal property sold to a commercial airline consisting of food,  
42 beverages and condiments and accessories used for serving the food and  
43 beverages, if those items are to be provided without additional charge to  
44 passengers for consumption in flight. For the purposes of this subsection,  
45 "commercial airline" means a person holding a federal certificate of public  
46 convenience and necessity or foreign air carrier permit for air



1 transportation to transport persons, property or United States mail in  
2 intrastate, interstate or foreign commerce.

3 ~~D. The department shall separately account for revenues collected~~  
4 ~~under the restaurant classification for purposes of section 42-5029,~~  
5 ~~subsection D, paragraph 4, subdivision (b).~~

6 ~~E.~~ D. For purposes of section 42-5032.01, the department shall  
7 separately account for revenues collected under the restaurant classification  
8 from businesses operating restaurants, dining rooms, lunchrooms, lunch  
9 stands, soda fountains, catering services or similar establishments:

10 1. On the premises of a multipurpose facility that is owned or  
11 operated by the tourism and sports authority pursuant to title 5, chapter 8  
12 for consumption on or off the premises.

13 2. At professional football contests that are held in a stadium  
14 located on the campus of an institution under the jurisdiction of the Arizona  
15 board of regents.

16 Sec. 35. Title 43, chapter 4, article 2, Arizona Revised Statutes, is  
17 amended by adding sections 43-418 and 43-419, to read:

18 43-418. Registration; payroll service company

19 A. FOR WITHHOLDING TAX RETURNS DUE TO BE FILED FROM AND AFTER MAY 31,  
20 2011, A PERSON SHALL NOT ACT AS A PAYROLL SERVICE COMPANY UNLESS THE PERSON  
21 IS REGISTERED WITH THE DEPARTMENT UNDER THIS SECTION.

22 B. A PERSON SHALL APPLY TO THE DEPARTMENT ELECTRONICALLY FOR  
23 REGISTRATION AS A PAYROLL SERVICE COMPANY UNDER THIS SUBSECTION AND THE  
24 DEPARTMENT SHALL GRANT THE APPLICATION IF THE APPLICATION INDICATES THAT THE  
25 PERSON WILL COMPLY WITH THIS SECTION.

26 C. A PAYROLL SERVICE COMPANY REGISTERED WITH THE DEPARTMENT UNDER THIS  
27 SECTION SHALL:

28 1. BE AUTHORIZED IN WRITING PURSUANT TO SECTION 42-2003 BY EACH CLIENT  
29 TO ACT ON BEHALF OF THE CLIENT WITH RESPECT TO THIS STATE'S WITHHOLDING TAX.

30 2. KEEP A CLIENT'S MONIES HELD FOR PAYMENT OF STATE WITHHOLDING TAXES  
31 OR OTHER OBLIGATIONS IN AN ACCOUNT SEPARATE FROM THE PAYROLL SERVICE  
32 COMPANY'S OWN MONIES.

33 3. MAKE PAYMENTS ELECTRONICALLY AND FILE RETURNS ELECTRONICALLY WITH  
34 THE DEPARTMENT IN COMPLIANCE WITH THE DEPARTMENT'S REQUIREMENTS FOR  
35 ELECTRONIC PAYMENTS AND ELECTRONIC FILING.

36 4. ELECTRONICALLY PROVIDE TO THE DEPARTMENT A CLIENT LIST AND  
37 ELECTRONICALLY UPDATE THE CLIENT LIST AT LEAST MONTHLY, BY THE FIRST OF EVERY  
38 MONTH. THE CLIENT LIST SHALL INCLUDE AT LEAST THE NAME, ADDRESS, TAX  
39 IDENTIFICATION NUMBER AND FEDERAL DEPOSIT FREQUENCY OF EACH CLIENT. THE  
40 ADDRESS LISTED FOR THE CLIENT MUST BE THE CLIENT'S ACTUAL STREET OR POST  
41 OFFICE BOX ADDRESS AND NOT THE PAYROLL SERVICE COMPANY'S ADDRESS.

42 5. TIMELY FILE ALL RETURNS AND TIMELY MAKE ALL WITHHOLDING TAX  
43 PAYMENTS REQUIRED UNDER ITS CONTRACTS WITH ITS CLIENTS.

44 6. ON REQUEST, PROVIDE TO THE DEPARTMENT, WITHIN THE TIME SPECIFIED IN  
45 THE REQUEST, A COPY OF ANY CONTRACT WITH A CLIENT.

1           7. COMPLY WITH ALL OTHER REQUIREMENTS OF THIS SECTION OR RULES ADOPTED  
2 PURSUANT TO THIS SECTION.

3           D. A PAYROLL SERVICE COMPANY MAY TERMINATE ITS REGISTRATION BY WRITTEN  
4 NOTICE TO THE DEPARTMENT.

5           E. FOR THE PURPOSES OF THIS SECTION:

6           1. "CLIENT" MEANS ANOTHER EMPLOYER FOR WHOM A PAYROLL SERVICE COMPANY  
7 PROVIDES PAYROLL SERVICES FOR A FEE.

8           2. "PAYROLL SERVICE COMPANY" MEANS A PERSON WHO HAS CUSTODY OR CONTROL  
9 OVER A CLIENT'S MONIES FOR THE PURPOSE OF PAYING THE WITHHELD TAXES AND  
10 FILING RETURNS OF A CLIENT WITH THE DEPARTMENT.

11           3. "PERSON" MEANS AN INDIVIDUAL, FIDUCIARY, PARTNERSHIP, CORPORATION,  
12 LIMITED LIABILITY COMPANY, ASSOCIATION OR OTHER ENTITY ORGANIZED UNDER THE  
13 LAWS OF THIS STATE OR ANY OTHER JURISDICTION.

14           43-419. Electronic remittance and filing required by payroll  
15                                   service company; penalty; definitions

16           A. FOR WITHHOLDING TAX RETURNS DUE TO BE FILED FROM AND AFTER MAY 31,  
17 2011, A PAYROLL SERVICE COMPANY REMITTING AMOUNTS DUE AS PRESCRIBED IN  
18 SECTION 43-401, SUBSECTION E ON BEHALF OF A CLIENT SHALL MAKE ALL PAYMENTS  
19 ELECTRONICALLY. IF A PAYROLL SERVICE COMPANY REMITS A PAYMENT IN A MANNER  
20 OTHER THAN ELECTRONICALLY, THE PAYROLL SERVICE COMPANY SHALL PAY A PENALTY IN  
21 THE AMOUNT OF TWENTY-FIVE DOLLARS PER CLIENT, PER PAYMENT, UNLESS IT IS SHOWN  
22 THAT THE FAILURE TO PAY ELECTRONICALLY IS DUE TO REASONABLE CAUSE AND NOT DUE  
23 TO WILFUL NEGLECT.

24           B. FOR WITHHOLDING TAX RETURNS DUE TO BE FILED FROM AND AFTER MAY 31,  
25 2011, A PAYROLL SERVICE COMPANY RECONCILING AMOUNTS PAYABLE DURING THE  
26 PRECEDING QUARTER IN ACCORDANCE WITH SECTION 43-401, SUBSECTION E ON BEHALF  
27 OF A CLIENT SHALL FILE ALL REQUIRED QUARTERLY RETURNS ELECTRONICALLY. IF A  
28 PAYROLL SERVICE COMPANY FILES A REQUIRED QUARTERLY RETURN IN A MANNER OTHER  
29 THAN ELECTRONICALLY, THE PAYROLL SERVICE COMPANY SHALL PAY A PENALTY IN THE  
30 AMOUNT OF TWENTY-FIVE DOLLARS PER CLIENT, PER RETURN, UNLESS IT IS SHOWN THAT  
31 THE FAILURE TO FILE ELECTRONICALLY IS DUE TO REASONABLE CAUSE AND NOT DUE TO  
32 WILFUL NEGLECT.

33           C. FOR WITHHOLDING TAX RETURNS DUE TO BE FILED FROM AND AFTER MAY 31,  
34 2011, A PAYROLL SERVICE COMPANY FILING AN ANNUAL PAYMENT RETURN AS ALLOWED BY  
35 RULE AND IN ACCORDANCE WITH SECTION 43-401, SUBSECTION E ON BEHALF OF A  
36 CLIENT SHALL FILE ALL REQUIRED ANNUAL RETURNS ELECTRONICALLY. IF A PAYROLL  
37 SERVICE COMPANY FILES A REQUIRED ANNUAL RETURN IN A MANNER OTHER THAN  
38 ELECTRONICALLY, THE PAYROLL SERVICE COMPANY SHALL PAY A PENALTY IN THE AMOUNT  
39 OF TWENTY-FIVE DOLLARS PER CLIENT, PER RETURN, UNLESS IT IS SHOWN THAT THE  
40 FAILURE TO FILE ELECTRONICALLY IS DUE TO REASONABLE CAUSE AND NOT DUE TO  
41 WILFUL NEGLECT.

42           D. FOR THE PURPOSES OF THIS SECTION, "CLIENT", "PAYROLL SERVICE  
43 COMPANY" AND "PERSON" HAVE THE SAME MEANINGS PRESCRIBED IN SECTION 43-418.

44           Sec. 36. Section 43-581, Arizona Revised Statutes, is amended to read:

45           43-581. Payment of estimated tax; penalty; forms

1           A. An individual who is subject to the tax imposed by this title and  
2 whose Arizona gross income, as defined by section 43-1001, or as described by  
3 section 43-1091 in the case of nonresidents, for the taxable year exceeds  
4 seventy-five thousand dollars or one hundred fifty thousand dollars if a  
5 joint return is filed and whose Arizona gross income was greater than  
6 seventy-five thousand dollars in the preceding taxable year or one hundred  
7 fifty thousand dollars in the preceding taxable year if a joint return is  
8 filed, shall make payments of estimated tax during the individual's tax year.  
9 The amount of the payments of estimated tax shall be an amount which  
10 reasonably reflects a taxpayer's Arizona income tax liability which will be  
11 unpaid at the end of the taxpayer's tax year. This amount shall be paid in  
12 four installments on or before the due dates established by the internal  
13 revenue code and shall total, when combined with the taxpayer's withholding  
14 tax, at least ninety per cent of the tax due for the current taxable year or  
15 one hundred per cent of the tax due for the preceding taxable year.

16           B. Any other individual who is subject to the tax imposed by this  
17 title may make payments of estimated tax during such individual's tax year.  
18 The amount of any payment of estimated tax shall be either:

19           1. If payments of estimated tax are made pursuant to the internal  
20 revenue code, ten, fifteen or twenty per cent of the amount paid to the  
21 internal revenue service as estimated tax computed pursuant to the internal  
22 revenue code and the income tax act of 1954, as amended, to be paid on or  
23 before the due dates established by the internal revenue code.

24           2. If no federal estimated tax payments are required to be made, an  
25 amount which reasonably reflects a taxpayer's Arizona income tax liability  
26 which will be unpaid at the end of such taxpayer's tax year.

27           C. The department shall prescribe rules for the payments of estimated  
28 tax which shall provide for estimated payments in a manner similar to the  
29 manner prescribed in the internal revenue code.

30           D. If the taxpayer does not pay the estimated tax required by  
31 subsection A of this section on or before the prescribed dates, there is  
32 assessed and the department shall collect a penalty upon the unpaid amount as  
33 prescribed by section 42-1125, subsection ~~P~~ Q. No penalties or interest  
34 shall be assessed or collected if either of the following applies:

35           1. The estimated tax payments made pursuant to this section are  
36 allowable exceptions under ~~the provisions of~~ section 6654 of the internal  
37 revenue code.

38           2. The taxpayer's Arizona income tax liability due on the taxpayer's  
39 return is less than one thousand dollars. For the purposes of this  
40 paragraph, "Arizona income tax liability due on the taxpayer's return" means  
41 the amount of tax due on the return minus the amount of Arizona income tax  
42 withheld and tax credits claimed by the taxpayer.

43           E. The department shall make available suitable forms and instructions  
44 to taxpayers who make estimated tax payments pursuant to this article.

45           Sec. 37. Section 43-582, Arizona Revised Statutes, is amended to read:

1           43-582. Payment of estimated tax by corporations; penalty:  
2                           forms

3           A. A corporation that is subject to the tax imposed by this title  
4 shall pay estimated tax during the corporation's taxable year if the  
5 corporation's tax liability under this title for the taxable year is at least  
6 one thousand dollars. The tax liability under this title is the excess of  
7 the tax imposed by section 43-1111 over any tax credits allowed by this  
8 title.

9           B. Except as otherwise provided in this section, the amount of the  
10 required annual payment is the lesser of:

11           1. Ninety per cent of the tax shown on the return for the taxable year  
12 or, if no return is filed, ninety per cent of the tax for that year.

13           2. One hundred per cent of the tax shown on the corporation's return  
14 for the preceding taxable year, except that this paragraph does not apply if:

15           (a) The preceding taxable year was not a taxable year of twelve  
16 months.

17           (b) The corporation did not file a return for the preceding taxable  
18 year showing a liability for tax.

19           C. The required annual payment under subsection B of this section for  
20 a large corporation is the amount prescribed by subsection B, paragraph 1 of  
21 this section except for purposes of determining the amount of the first  
22 required installment for the taxable year. Any reduction in the first  
23 installment by reason of this subsection shall be recaptured by increasing  
24 the amount of the next required installment determined under subsection B,  
25 paragraph 1 of this section by the amount of the reduction. For THE purposes  
26 of this subsection, "large corporation" means a corporation or unitary group  
27 of corporations if the corporation, or a predecessor corporation, had federal  
28 taxable income of one million dollars or more for any of the immediately  
29 preceding three taxable years, excluding any federal net operating loss or  
30 capital loss carrybacks or carryovers.

31           D. The required annual payment for an S corporation, as defined in  
32 section 1361 of the internal revenue code, is the lesser of:

33           1. The amount determined under subsection B, paragraph 1 of this  
34 section.

35           2. The sum of:

36           (a) The amount determined under subsection B, paragraph 1 of this  
37 section for the portion of the tax liability under this title that is  
38 attributable to built in gains income or certain capital gains income.

39           (b) One hundred per cent of the tax liability under this title that is  
40 attributable to excess passive income on the return of the S corporation for  
41 the preceding taxable year.

1 E. For THE purposes of subsection D of this section:

2 1. The requirement that the S corporation's return for the previous  
3 taxable year show a liability for tax related to excess passive income does  
4 not apply.

5 2. Subsection D, paragraph 2 of this section does not apply if the  
6 preceding taxable year had fewer than twelve months.

7 F. Four installments of payments of estimated tax are required each  
8 taxable year. The due dates for the installments are the due dates  
9 prescribed by section 6655 of the internal revenue code. Unless otherwise  
10 prescribed by this section, the amount of each installment payment is  
11 twenty-five per cent of the required annual payment, but a lower required  
12 installment payment, as established and in the manner prescribed by section  
13 6655 of the internal revenue code, applies if the lower installment is less  
14 than twenty-five per cent of the required annual payment. If a taxable year  
15 begins on a date other than January 1, the installment payments are due  
16 during months of that fiscal year that correspond to the prescribed months of  
17 a calendar year.

18 G. If a taxpayer fails to pay the full amount of estimated tax, or any  
19 required installment, under this section, the taxpayer is subject to a  
20 penalty, as prescribed by section 42-1125, subsection ~~P~~-Q. For THE purposes  
21 of this subsection:

22 1. The amount of underpayment is the excess of the required  
23 installment payment over the amount, if any, of the installment paid on or  
24 before the due date for the payment.

25 2. A payment of estimated tax shall be credited against unpaid  
26 required installment payments in the order in which the installments are  
27 required to be paid.

28 H. The department shall:

29 1. Apply this section to taxable years of less than twelve months  
30 according to the treasury regulations for section 6655 of the internal  
31 revenue code.

32 2. Adopt rules that are necessary to administer and enforce this  
33 section.

34 3. Make available suitable forms and instructions to taxpayers that  
35 make estimated tax payments pursuant to this section.

36 Sec. 38. Section 48-5103, Arizona Revised Statutes, is amended to  
37 read:

38 48-5103. Public transportation fund

39 A. A public transportation fund is established for the authority. The  
40 fund consists of:

41 1. Monies appropriated by each municipality that is a member of the  
42 authority or the county, if it elected to enter into the authority. Each  
43 member municipality and member county shall appropriate monies to the public  
44 transportation fund in an amount determined by the board.

45 2. Monies appropriated by a county that has not elected to enter into  
46 the authority in an amount determined by the county board of supervisors.

1           3. Transportation excise tax revenues that are allocated to the fund  
2 pursuant to section 42-6104 or 42-6105. The board shall separately account  
3 for monies from transportation excise tax revenues allocated pursuant to  
4 section 42-6105, subsection E, paragraph 3 for:

- 5           (a) A light rail public transit system.
- 6           (b) Capital costs for other public transportation.
- 7           (c) Operation and maintenance costs for other public transportation.

8           4. Monies distributed under title 28, chapter 17, article 1.

9           5. Grants, gifts or donations from public or private sources.

10          6. Monies granted by the federal government or appropriated by the  
11 legislature.

12          7. Fares or other revenues collected in operating a public  
13 transportation system.

14          ~~8. Local transportation assistance monies that are distributed to each~~  
15 ~~member under section 28-8102 and as provided in section 48-5104.~~

16          ~~9. Local transportation assistance monies that are distributed to a~~  
17 ~~member pursuant to section 28-8102 and that must be used for public~~  
18 ~~transportation.~~

19          ~~10. Local transportation assistance monies that are distributed~~  
20 ~~pursuant to section 28-8103, subsection A, paragraph 1.~~

21          B. On behalf of the authority, the fiscal agent shall administer  
22 monies paid into the public transportation fund. Monies in the fund may be  
23 spent pursuant to or to implement the regional public transportation system  
24 plan, including reimbursement for utility relocation costs as prescribed in  
25 section 48-5107, adopted pursuant to section 48-5121 and for projects  
26 identified in the regional transportation plan adopted by the regional  
27 planning agency pursuant to section 28-6308.

28          C. Monies in the fund shall not be spent to promote or advocate a  
29 position, alternative or outcome of an election, to influence public opinion  
30 or to pay or contract for consultants or advisors to influence public opinion  
31 with respect to an election regarding taxes or other sources of revenue for  
32 the fund or regarding the regional public transportation system plan.

33          Sec. 39. Section 48-5104, Arizona Revised Statutes, is amended to  
34 read:

35          48-5104. Municipality and county participation; withdrawal

36          A. A municipality located in a county eligible to establish an  
37 authority may elect to enter into the authority by adopting an ordinance  
38 declaring its participation. ~~If an ordinance is adopted, the municipality~~  
39 ~~shall annually apply for monies from the local transportation assistance fund~~  
40 ~~as provided in:~~

41          ~~1. Section 28-8102 and shall use a portion of those local~~  
42 ~~transportation assistance monies for public transportation each fiscal year.~~

43          ~~2. Section 28-8103 and shall use those local transportation assistance~~  
44 ~~fund monies as provided in section 28-8103.~~

45          ~~B. If a municipality with a population of less than sixty thousand~~  
46 ~~persons is unable to use three-fourths of its local transportation assistance~~

~~monies provided pursuant to section 28-8102 for public transportation each fiscal year, it shall appropriate any remaining amount of the three fourths of its local transportation assistance monies to the public transportation fund as provided in section 48-5103. If a municipality with a population of sixty thousand persons or more is unable to use one third of its local transportation assistance monies provided pursuant to section 28-8102 for public transportation each fiscal year, it shall appropriate any remaining amount of the one third of its local transportation assistance monies to the public transportation fund as provided in section 48-5103.~~

~~C.~~ B. The county may elect to enter into the authority by adopting a resolution declaring its participation. The county shall represent persons residing in the unincorporated areas of the county.

~~D.~~ C. A member municipality or member county may withdraw from the authority at the end of a fiscal year by adopting an ordinance or resolution not later than ninety days before the end of the fiscal year that states its intention to withdraw. The withdrawal from the authority shall not result in the cancellation of a contractual agreement entered into between the withdrawing member and the authority.

Sec. 40. Section 48-5314, Arizona Revised Statutes, is amended to read:

48-5314. Election on regional transportation plan and excise tax

A. The board shall:

1. Adopt a twenty year comprehensive multimodal regional transportation plan consistent with the requirements of this article, including transportation corridors by priority and a schedule indicating the dates that construction will begin for projects contained in the plan.

2. Request by resolution certified to the county board of supervisors that the issue of levying a transportation excise tax pursuant to section 42-6106 be submitted to the qualified electors at a countywide special election or placed on the ballot at a countywide general election. Within six months after receiving a certified copy of the resolution, the county board of supervisors shall either call a special election or place the issue on the ballot of a general election, subject to the requirements of this section.

B. The election ballot shall include a description of each transportation element of the regional transportation plan including a separate percentage share and dollar share of the transportation excise tax revenues allocated to each element.

C. In addition to any other requirements prescribed by law, the county board of supervisors shall prepare and print a publicity pamphlet concerning the ballot question and mail one copy of the pamphlet to each household containing a registered voter in the county. The mailings may be made over a period of days but shall be mailed for delivery before the earliest date registered voters may receive early ballots for the election. The publicity pamphlet shall contain:

1. The date of the election.

1           2. The individual household's polling place and the time the polls  
2 will be open.

3           3. A summary of the principal provisions of the issue presented to the  
4 voters, including the rate of the transportation excise tax, the number of  
5 years the tax will be in effect and the projected annual and cumulative  
6 amount of revenues to be raised.

7           4. A statement describing the purposes for which the transportation  
8 excise tax monies may be spent as provided by law, including:

9           (a) A summary of the regional transportation plan adopted pursuant to  
10 section 48-5309 and subsection A of this section, including a description of  
11 each transportation element of the regional transportation plan.

12           (b) A map of proposed routes and transportation corridors of all major  
13 transportation projects and public transportation systems.

14           (c) The percentage share and dollar amount of transportation excise  
15 tax revenues, together with other identified revenues, dedicated for each  
16 transportation element, transportation project and public transportation  
17 system, and conditions and limitations on the use of the money.

18           5. The form of the ballot.

19           6. Any arguments for or against the ballot measure. Affirmative  
20 arguments, arranged in the order in which the elections director received  
21 them, shall be placed before the negative arguments, also arranged in the  
22 order in which they were received.

23           D. Not later than ninety days before the date of the election, a  
24 person may file with the county elections director an argument, not more than  
25 three hundred words in length, advocating or opposing the ballot measure,  
26 subject to the following requirements:

27           1. The person who files the argument shall also pay to the elections  
28 director a publication fee prescribed by the board of supervisors. Payment  
29 of the fee required by this paragraph, or reimbursement of the payor,  
30 constitutes sponsorship of the argument.

31           2. If the argument is sponsored by one or more individuals, the  
32 argument shall be signed by each sponsoring individual.

33           3. If the argument is sponsored by one or more organizations, the  
34 argument shall be signed by two executive officers of each organization.

35           4. If the argument is sponsored by one or more political committees,  
36 the argument shall be signed by each committee's chairperson or treasurer.

37           5. The names of persons who have signed arguments and the names of  
38 sponsoring organizations shall appear with the argument in the pamphlet. The  
39 person or persons signing the argument shall also give their residence or  
40 post office address and a telephone number, which shall not appear in the  
41 pamphlet.

42           E. In addition to any other ballot requirements prescribed by law, the  
43 elections director shall cause the following to be printed on the official  
44 ballot:

45           1. The designation of the measure as follows: "Relating to county  
46 transportation excise (sales) taxes".



1           2. Instructions directing the voter to the full text of the official  
2 and descriptive titles containing the summary as printed in the sample ballot  
3 and posted in the polling place. The ballot may include the summary of the  
4 regional transportation plan.

5           3. The questions submitted to the voters as follows:

6           I. Do you approve the regional transportation plan for  
7 \_\_\_\_\_ county? YES \_\_\_\_\_ NO \_\_\_\_\_

8 (A "YES" vote indicates your approval of the proposed regional  
9 transportation plan as developed by the regional transportation  
10 authority and described in the election materials.)

11 (A "NO" vote indicates your disapproval of the proposed regional  
12 transportation plan.)

13           II. Do you favor the levy of a transaction privilege  
14 (sales) tax for regional transportation purposes in \_\_\_\_\_  
15 county? YES \_\_\_\_\_ NO \_\_\_\_\_

16 (A "YES" vote has the effect of imposing a transaction privilege  
17 (sales) tax in \_\_\_\_\_ county for \_\_\_\_\_ years to provide  
18 funding for the transportation projects contained in the  
19 regional transportation plan.)

20 (A "NO" vote has the effect of rejecting the transaction  
21 privilege (sales) tax for transportation purposes in \_\_\_\_\_  
22 county.)

23           F. For either ballot question I or II to be approved, both the  
24 proposed regional transportation plan and the proposed transaction privilege  
25 tax must be approved by a majority of the qualified electors voting on the  
26 measure. If either ballot question I or II fails to be approved by a  
27 majority of the qualified electors voting on the measure, both fail.

28           G. Except as otherwise provided by this section, the election under  
29 this section shall be conducted as nearly as practicable in the manner  
30 prescribed for general elections in title 16.

31           H. The county election officer shall account for costs specifically  
32 incurred with respect to the ballot issue under this section. ~~Regardless of~~  
33 ~~the outcome of the election, and notwithstanding any other law, the state~~  
34 ~~treasurer shall pay the costs listed in this subsection specifically incurred~~  
35 ~~with respect to the ballot issue. Payment shall be made under this section~~  
36 ~~from the cities' share of local transportation assistance fund monies~~  
37 ~~distributed under section 28-8102 to the cities and towns within the county,~~  
38 ~~and from the county's share of the county assistance fund under section~~  
39 ~~41-175. If the transportation excise tax is approved, the regional~~  
40 ~~transportation authority shall reimburse the local transportation assistance~~  
41 ~~fund and the county assistance fund from the first received transportation~~  
42 ~~excise tax revenues. The following costs incurred by the county elections~~  
43 ~~officer are authorized for payment pursuant to this subsection:~~

44           ~~1. Costs of mailing, publishing, posting and printing ballots,~~  
45 ~~publicity pamphlets, notices, election materials and other matters concerning~~  
46 ~~the election.~~

- 1           ~~2. Legal and other consulting fees and costs relating to the election.~~
- 2           ~~3. Telecommunications costs.~~
- 3           ~~4. Compensation of the election board, county election officers and~~
- 4           ~~employees and other labor costs incurred to administer, hold, canvass and~~
- 5           ~~announce the results of the election.~~
- 6           ~~5. Any other costs attributable to the election.~~

7           Sec. 41. Existing transaction privilege tax licensees; license  
 8   renewals; intent; exemption from rule making;  
 9   retroactivity

10           A. Notwithstanding section 42-5005, Arizona Revised Statutes, the  
 11 director of the department of revenue may prescribe by rule and levy a  
 12 one-time transaction privilege tax license renewal fee for all persons who  
 13 have a valid transaction privilege tax license issued before July 1, 2009.  
 14 Notwithstanding section 42-5005, Arizona Revised Statutes, the director may  
 15 prescribe by rule a fee for any new licenses issued from and after the  
 16 effective date of this act until June 30, 2011. The director shall designate  
 17 the method for payment of the license fees prescribed pursuant to this  
 18 section.

19           B. It is the intent of the legislature that the additional revenue  
 20 generated by the transaction privilege tax license fees authorized in this  
 21 section not exceed \$5,384,000 in fiscal year 2010-2011.

22           C. The department of revenue is exempt from the rule making  
 23 requirements of title 41, chapter 6, Arizona Revised Statutes, for eighteen  
 24 months after the effective date of this act for the purposes of establishing  
 25 the transaction privilege tax license fees authorized by this section.

26           Sec. 42. Fees for providing services; increases; intent;  
 27   appropriations; exemption from rule making;  
 28   retroactivity

29           A. Notwithstanding any other law, except as provided in subsection D,  
 30 the director of each of the following agencies may increase fees in fiscal  
 31 year 2010-2011 for services provided in fiscal year 2010-2011:

- 32           1. Department of health services.
- 33           2. Office of pest management.
- 34           3. Radiation regulatory agency.
- 35           4. State land department.

36           B. It is the intent of the legislature that the additional revenue  
 37 generated by the fee increases shall not exceed the amounts listed below:

- 38           1. Department of health services   \$600,000.
- 39           2. Office of pest management   \$525,000.
- 40           3. Radiation regulatory agency   \$500,000.
- 41           4. State land department   \$600,000.

42           C. Monies received from any fees pursuant to subsection A are  
 43 appropriated to the respective agencies.

44           D. The state land department may not increase a fee pursuant to  
 45 subsection A for a recreational permit issued by the department.

1 E. The agencies described in subsection A are exempt from the rule  
2 making requirements of title 41, chapter 6, Arizona Revised Statutes, for the  
3 purpose of establishing fees pursuant to this section until July 1, 2011.

4 F. This section is effective retroactively to from and after June 30,  
5 2010.

6 Sec. 43. Abandoned vehicle fees; intent; exemption from rule  
7 making; retroactivity

8 A. It is the intent of the legislature that the additional revenue  
9 generated by the abandoned vehicle fees authorized by section 28-4802,  
10 Arizona Revised Statutes, as amended by this act, not exceed \$12,061,200 in  
11 fiscal year 2010-2011.

12 B. The department of transportation is exempt from the rule making  
13 requirements of title 41, chapter 6, Arizona Revised Statutes, for eighteen  
14 months after the effective date of this act for the purposes of establishing  
15 abandoned vehicle fees pursuant to section 28-4802, Arizona Revised Statutes,  
16 as amended by this act.

17 C. This section is effective retroactively to from and after June 30,  
18 2010.

19 Sec. 44. Department of transportation; vehicle license tax;  
20 transfer; five-year registration

21 Notwithstanding any other law, the difference between the actual amount  
22 of vehicle license tax revenue collected in fiscal year 2010-2011 as a result  
23 of a five-year registration period and the amount that would have been  
24 collected in fiscal year 2010-2011 if those same vehicles had been registered  
25 for a two-year vehicle registration period authorized pursuant to section  
26 28-2159, Arizona Revised Statutes, for distribution to the state highway fund  
27 pursuant to section 28-6538, subsection A, paragraph 1, Arizona Revised  
28 Statutes, shall be deposited in the state general fund.

29 Sec. 45. Arizona state lottery proceeds; fiscal year 2009-2010;  
30 transfer; deposit; tax withholding; retroactivity

31 A. Notwithstanding section 5-522, Arizona Revised Statutes, for fiscal  
32 year 2009-2010, any monies that are allocated to the following funds under  
33 the lottery distribution specified in section 5-522, Arizona Revised  
34 Statutes, shall be deposited in the state general fund:

35 1. The county assistance fund established by section 41-175, Arizona  
36 Revised Statutes.

37 2. The local transportation assistance fund pursuant to section  
38 28-8101, subsection D, Arizona Revised Statutes.

39 3. The local transportation assistance fund pursuant to section  
40 28-8101, subsection E, Arizona Revised Statutes.

41 4. The Arizona state parks board heritage fund pursuant to section  
42 41-502, Arizona Revised Statutes.

43 B. This section shall not be construed to reduce or change the  
44 priority of distributions prescribed in section 5-522, Arizona Revised  
45 Statutes, to any of the funds that are not specified in subsection A of this  
46 section.

1 C. Any lottery monies that have been distributed pursuant to section  
2 5-522, Arizona Revised Statutes, to the funds specified in subsection A of  
3 this section on or after February 1, 2010 until the effective date of this  
4 act shall be transferred on or before May 31, 2010 to the Arizona state  
5 lottery for deposit, pursuant to sections 35-146 and 35-147, Arizona Revised  
6 Statutes, in the state general fund. If monies have not been transferred on  
7 or before May 31, 2010 pursuant to this subsection from distributions made to  
8 the funds specified in subsection A, paragraph 1, 2 and 3 of this section,  
9 the Arizona state lottery director shall notify the state treasurer of the  
10 amount owed and the treasurer shall withhold the amount, including any  
11 additional interest as provided in section 42-1123, Arizona Revised Statutes,  
12 from any transaction privilege tax distributions to the city or county. The  
13 treasurer shall deposit the withholdings, pursuant to sections 35-146 and  
14 35-147, Arizona Revised Statutes, in the state general fund.

15 D. This section is effective retroactively to from and after January  
16 31, 2010.

17 Sec. 46. Housing trust fund; transfer

18 If proposition 100 is not approved by the voters at the May 18, 2010  
19 special election, notwithstanding section 41-3955, Arizona Revised Statutes,  
20 the sum of \$2,173,300 shall be transferred from the housing trust fund and  
21 deposited in the department of revenue administrative fund and the same sum  
22 is appropriated from the department of revenue administrative fund in fiscal  
23 year 2010-2011 to the department of revenue.

24 Sec. 47. County transfers; fiscal year 2010-2011; county  
25 expenditure limitations

26 A. Notwithstanding any other law, in fiscal year 2010-2011, each  
27 county with a population of two million or more persons shall transfer  
28 \$28,600,000 and each county with a population of more than eight hundred  
29 thousand persons but less than two million persons shall transfer \$6,000,000  
30 to the state treasurer for deposit in the state general fund.

31 B. Notwithstanding any other law, a county may meet any statutory  
32 funding requirements of this section from any source of county revenue  
33 designated by the county, including funds of any countywide special taxing  
34 district in which the board of supervisors serves as the board of directors.

35 C. Contributions made pursuant to this section are excluded from the  
36 county expenditure limitations.

37 Sec. 48. County fiscal obligations

38 Notwithstanding any other law, for fiscal years 2010-2011 and  
39 2011-2012, a county may meet any county fiscal obligation from any source of  
40 county revenue designated by the county, including funds of any countywide  
41 special taxing jurisdiction in which the board of supervisors serves as the  
42 board of directors.

43 Sec. 49. Retroactivity

44 Section 41-2306, Arizona Revised Statutes, as amended by this act,  
45 applies retroactively to April 1, 2010.

46 Sec. 50. Effective dates

1           A. Sections 5-554 and 5-572, Arizona Revised Statutes, as amended by  
2 this act, are effective from and after June 30, 2012.

3           B. Section 42-1129, Arizona Revised Statutes, as amended by this act,  
4 is effective from and after February 28, 2011.

APPROVED BY THE GOVERNOR MARCH 18, 2010.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 18, 2010.