

State of Arizona
Senate
Fifty-second Legislature
First Regular Session
2015

SENATE BILL 1471

AN ACT

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

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-224, Arizona Revised Statutes, is amended to
3 read:

4 20-224. Premium tax; reports

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

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

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

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

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

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

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

1 H. ON OR BEFORE SEPTEMBER 30 OF EACH YEAR, THE DIRECTOR OF INSURANCE
2 SHALL REPORT TO THE DIRECTORS OF THE JOINT LEGISLATIVE BUDGET COMMITTEE AND
3 THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING ON THE AMOUNT OF
4 INSURANCE PREMIUM TAX CREDITS ESTABLISHED BY SECTIONS 20-224.02, 20-224.03,
5 20-224.04, 20-224.05, 20-224.06 AND 20-224.07 THAT WERE USED DURING THE
6 PREVIOUS FISCAL YEAR.

7 Sec. 2. Delayed repeal

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

10 Sec. 3. Section 41-1541, Arizona Revised Statutes, is amended to read:

11 41-1541. Arizona job training program

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

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

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

26 D. The business shall contribute monies or other appropriate
27 resources, including technical assistance, machinery or training space, as
28 follows:

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

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

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

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

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

1 Sec. 4. Section 41-1544, Arizona Revised Statutes, is amended to read:
2 41-1544. Arizona job training fund: definitions

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

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

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

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

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

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

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

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

40 I. The authority shall not approve grant monies for reimbursement of
41 the following employer costs:

- 42 1. Fringe benefits, food and beverages, recruitment and signing
43 bonuses for trainees and trainers.
44 2. Employer costs to complete a program application.

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

1 42-5164, 42-5205 and 42-5353, after deducting warrants drawn against the
2 account pursuant to sections 42-1118 and 42-1254.

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

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

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

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

12 (b) The proportion that the distribution base monies collected during
13 the calendar month in each county under this article, section 42-5164,
14 subsection B, section 42-5205, subsection B and section 42-5353 bear to the
15 total distribution base monies collected under this article, section 42-5164,
16 subsection B, section 42-5205, subsection B and section 42-5353 throughout
17 the state for the calendar month.

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

20 (a) Average the following proportions:

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

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

39 (b) If the proportion computed under subdivision (a) of this paragraph
40 for any county is greater than the proportion computed under paragraph 2 of
41 this subsection, the department shall compute the difference between the
42 amount distributed to that county under paragraph 2 of this subsection and
43 the amount that would have been distributed under paragraph 2 of this
44 subsection using the proportion computed under subdivision (a) of this
45 paragraph and shall pay that difference to the county from the amount

1 available for distribution under this paragraph. Any monies remaining after
2 all payments under this subdivision shall be distributed among the counties
3 according to the proportions computed under paragraph 2 of this subsection.

4 4. After any distributions required by sections 42-5030, 42-5030.01,
5 42-5031, 42-5032, 42-5032.01 and 42-5032.02, and after making any transfer to
6 the water quality assurance revolving fund as required by section 49-282,
7 subsection B, credit the remainder of the monies designated as distribution
8 base to the state general fund. From this amount the legislature shall
9 annually appropriate to:

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

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

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

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

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

35 2. After any transfer of monies pursuant to paragraph 1 of this
36 subsection, twelve per cent of the remaining monies collected during the
37 preceding month shall be transferred to the technology and research
38 initiative fund established by section 15-1648 to be distributed among the
39 universities for the purpose of investment in technology and research-based
40 initiatives.

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

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

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

- 18 (a) In fiscal year 2001-2002, \$15,305,900.
- 19 (b) In fiscal year 2002-2003, \$31,530,100.
- 20 (c) In fiscal year 2003-2004, \$48,727,700.
- 21 (d) In fiscal year 2004-2005, \$66,957,200.
- 22 (e) In fiscal year 2005-2006 and each fiscal year thereafter,
23 \$86,280,500.

24 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
25 subsection, seven million eight hundred thousand dollars is appropriated each
26 fiscal year, to be paid in monthly installments, to the department of
27 education to be used for school safety as provided in section 15-154 and two
28 hundred thousand dollars is appropriated each fiscal year, to be paid in
29 monthly installments to the department of education to be used for the
30 character education matching grant program as provided in section 15-154.01.

31 7. After transferring monies pursuant to paragraphs 1, 2 and 3 of this
32 subsection, no more than seven million dollars may be appropriated by the
33 legislature each fiscal year to the department of education to be used for
34 accountability purposes as described in section 15-241 and title 15, chapter
35 9, article 8.

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

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

1 10. After the payment of monies pursuant to paragraphs 1 through 9 of
2 this subsection, the remaining monies collected during the preceding month
3 shall be transferred to the classroom site fund established by section
4 15-977. The monies shall be allocated as follows in the manner prescribed by
5 section 15-977:

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

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

10 (c) Forty per cent shall be allocated for maintenance and operation
11 purposes.

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

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

31 H. On receiving a certificate of default from the greater Arizona
32 development authority pursuant to section 41-2257 or 41-2258 and to the
33 extent not otherwise expressly prohibited by law, the state treasurer shall
34 withhold from the next succeeding distribution of monies pursuant to this
35 section due to the defaulting political subdivision the amount specified in
36 the certificate of default and immediately deposit the amount withheld in the
37 greater Arizona development authority revolving fund. The state treasurer
38 shall continue to withhold and deposit the monies until the greater Arizona
39 development authority certifies to the state treasurer that the default has
40 been cured. In no event may the state treasurer withhold any amount that the
41 defaulting political subdivision certifies to the state treasurer and the
42 authority as being necessary to make any required deposits then due for the
43 payment of principal and interest on bonds of the political subdivision that
44 were issued before the date of the loan repayment agreement or bonds and that
45 have been secured by a pledge of distributions made pursuant to this section.

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

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

21 K. On notice from the auditor general pursuant to section 9-626,
22 subsection D, the state treasurer shall withhold from the distribution of
23 monies pursuant to this section to the affected city the amount computed
24 pursuant to section 9-626, subsection D. The state treasurer shall continue
25 to withhold monies pursuant to this subsection until the entire amount
26 specified in the notice has been withheld. The state treasurer shall credit
27 any monies withheld pursuant to this subsection to the state general fund as
28 provided by subsection D, paragraph 4 of this section.

29 L. For the purposes of this section, "community college district"
30 means a community college district that is established pursuant to sections
31 15-1402 and 15-1403 and that is a political subdivision of this state and,
32 unless otherwise specified, includes a community college district established
33 pursuant to section 15-1402.01 and a provisional community college district
34 established pursuant to section 15-1409.

35 Sec. 6. Section 42-5030, Arizona Revised Statutes, is amended to read:
36 42-5030. Transfers to the Arizona convention center development
37 fund; distributions

38 A. At the same time as the first distributions each fiscal year
39 pursuant to section 42-5029, the department shall credit to the Arizona
40 convention center development fund established by title 9, chapter 6, article
41 1 the amounts determined pursuant to this section.

42 B. The department shall credit twenty million dollars in each fiscal
43 year until a certification of completion of construction is filed with the
44 state treasurer pursuant to section 9-622. In each fiscal year thereafter,
45 the department shall credit the amounts computed pursuant to subsection C of

1 this section to the Arizona convention center development fund for each
2 eligible project as described in section 9-605.

3 C. The amount distributed pursuant to subsection B of this section
4 shall be computed by dividing the total cost of the eligible project not
5 funded from municipal sources as identified in the certificate of completion
6 of construction filed pursuant to section 9-622 by three hundred million and
7 multiplying the quotient by the ~~following amounts:~~

- 8 ~~1. In the first fiscal year, twenty-five million dollars.~~
9 ~~2. In the second fiscal year, thirty million dollars.~~
10 ~~3. In the third fiscal year, thirty-five million dollars.~~
11 ~~4. In the fourth fiscal year, forty million dollars.~~
12 ~~5. In the fifth fiscal year and each of the next thirty fiscal years,~~
13 ~~the amount distributed in the preceding fiscal year plus one million dollars,~~
14 ~~except that the amount distributed shall not exceed sixty million dollars in~~
15 ~~any fiscal year~~ AMOUNT PRESCRIBED IN SECTION 9-602, SUBSECTION D.

16 D. If the chief financial officer of the eligible city certifies to
17 the state treasurer pursuant to section 9-602 that no additional
18 distributions are required from the Arizona convention center development
19 fund for an eligible project, the department shall make no further transfers
20 to the fund for that project.

21 Sec. 7. Title 42, chapter 5, article 1, Arizona Revised Statutes, is
22 amended by adding section 42-5041, to read:

23 42-5041. Partial assessment of costs to local government

24 A. FROM AND AFTER JUNE 30, 2015, THE DEPARTMENT SHALL ASSESS AND
25 COLLECT FEES FROM CITIES, TOWNS AND COUNTIES AS DETERMINED BY THE DIRECTOR
26 AND AS PROVIDED BY THIS SECTION TO RECOVER A PORTION OF ADMINISTRATIVE,
27 PROGRAM AND OTHER OPERATING COSTS INCURRED IN PROVIDING ADMINISTRATIVE AND
28 COLLECTION SERVICES TO LOCAL GOVERNMENTS.

29 B. FROM AND AFTER JUNE 30, 2015, A FEE IS ASSESSED TO EACH COUNTY,
30 CITY AND TOWN THAT RECEIVES STATE SHARED REVENUES PURSUANT TO SECTIONS
31 42-5029 AND 43-206.

32 C. IN FISCAL YEAR 2015-2016, A FEE IS ASSESSED TO EACH CITY AND TOWN
33 FOR WHICH THE DEPARTMENT DOES NOT ADMINISTER AND COLLECT TRANSACTION
34 PRIVILEGE TAXES PURSUANT TO CHAPTER 6, ARTICLE 1 OF THIS TITLE.

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

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

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

5 G. COUNTIES, CITIES AND TOWNS MAY MEET THEIR COST SHARING OBLIGATION
6 FROM ANY SOURCE OF COUNTY, CITY OR TOWN REVENUE DESIGNATED BY THE APPROPRIATE
7 COUNTY, CITY OR TOWN. THE COUNTY SOURCES MAY INCLUDE MONIES OF ANY
8 COUNTYWIDE SPECIAL TAXING JURISDICTION IN WHICH THE BOARD OF SUPERVISORS
9 SERVES AS THE BOARD OF DIRECTORS.

10 H. COUNTY, CITY AND TOWN CONTRIBUTIONS MADE PURSUANT TO THIS SECTION
11 ARE EXCLUDED FROM THE APPLICABLE EXPENDITURE LIMITATIONS.

12 Sec. 8. Section 42-6204, Arizona Revised Statutes, is amended to read:
13 42-6204. Payment; return; interest; penalty; reports

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

15 1. Due and payable to the county treasurer annually on or before
16 December 1.

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

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

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

27 2. The location of the government property improvement.

28 3. The amount of gross building space or number of parking garage or
29 deck spaces. The prime lessee may submit an initial statement of gross
30 building space that is certified by a person who is professionally
31 credentialed in this state as an architect, general contractor, surveyor or
32 appraiser and thereafter shall file an annual statement with the return,
33 under penalty of perjury, that the gross building space is unchanged from the
34 amount previously certified.

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

36 5. The use or uses of the property.

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

40 7. Any other pertinent information that is required by the return
41 form.

42 C. If any part of the tax is not paid before it becomes delinquent,
43 interest accrues on the unpaid amount at the rate and in the manner
44 prescribed by section 42-1123 until it is paid. Interest on overpayments

1 accrues at the rate and in the manner prescribed by section 42-1123 until the
2 refund is paid by the county treasurer.

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

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

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

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

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

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

21 G. The county treasurer is entitled to rely ~~upon~~ ON any information
22 contained in any abatement certification described in subsection B, paragraph
23 6 of this section unless the county treasurer has actual knowledge that the
24 certification is inaccurate.

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

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

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

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

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

38 3. The tax revenue previously being received from the vacant or
39 underutilized property being redeveloped.

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

1 B. THE JOINT LEGISLATIVE BUDGET COMMITTEE MAY USE A REPRESENTATIVE
2 SAMPLE OF PROPERTIES TO CONDUCT THE ANALYSIS REQUIRED BY SUBSECTION A OF THIS
3 SECTION.

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

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

12 1. The governor, the president of the senate and the speaker of the
13 house of representatives.

14 2. The chairpersons of the house of representatives ways and means
15 committee and the senate finance committee.

16 3. The secretary of state.

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

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

21 Sec. 10. Delayed repeal

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

25 B. Title 41, chapter 10, article 4, Arizona Revised Statutes, is
26 repealed from and after December 31, 2016, at which time any unexpended or
27 unencumbered monies in the Arizona job training fund attributable to the job
28 training employer tax imposed pursuant to section 23-769, Arizona Revised
29 Statutes, revert to the unemployment compensation fund established by section
30 23-701, Arizona Revised Statutes, and any unexpended or unencumbered monies
31 in the Arizona job training fund not attributable to the job training
32 employer tax imposed pursuant to section 23-769, Arizona Revised Statutes,
33 revert to the state general fund.

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

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

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

42 B. It is the intent of the legislature that expenditures in fiscal
43 years 2013-2014, ~~and~~ 2014-2015 AND 2015-2016 on an electronic licensing
44 system as prescribed in subsection A of this section not exceed a total of
45 \$850,000.

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

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

4 A. Notwithstanding any other law, before the distribution of revenues
5 of the Arizona highway user revenue fund pursuant to section 28-6538, Arizona
6 Revised Statutes, the department of transportation shall allocate and the
7 state treasurer shall distribute \$30,000,000 in fiscal year 2014-2015,
8 \$30,000,000 in fiscal year 2015-2016 and ~~\$60,000,000~~ \$30,000,000 in fiscal
9 year 2016-2017 as follows:

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

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

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

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

16 B. The allocation and distribution made pursuant to subsection A,
17 paragraphs 1, 2 and 3 of this section shall be made as prescribed in section
18 28-6540, Arizona Revised Statutes. The allocation and distribution made
19 pursuant to subsection A, paragraph 4 of this section shall be made as
20 prescribed in section 28-6538, subsection B, Arizona Revised Statutes.

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

25 Sec. 13. Radiation regulatory agency; fees; increases; intent;
26 rulemaking exemption

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

30 B. It is the intent of the legislature that the revenue generated by
31 the fees collected pursuant to subsection A of this section not exceed
32 \$561,000.

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

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

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

40 A. Notwithstanding any other law, the director of the Arizona
41 department of agriculture, with the assistance of the department of
42 agriculture advisory council, may continue existing fees from fiscal year
43 2014-2015 in fiscal year 2015-2016 for services provided in fiscal year
44 2015-2016.

1 B. It is the intent of the legislature that the additional revenue
2 generated by the fees prescribed in subsection A of this section not exceed
3 \$218,000 to the state general fund, \$113,000 to the pesticide trust fund
4 established by section 3-350, Arizona Revised Statutes, and \$26,000 to the
5 dangerous plants, pests and diseases trust fund established by section
6 3-214.01, Arizona Revised Statutes, in fiscal year 2015-2016.

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

10 Sec. 15. Department of insurance; fee and assessment adjustment
11 suspension

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

18 Sec. 16. Department of liquor licenses and control; fiscal year
19 2014-2015; exemption

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

26 Sec. 17. Department of financial institutions; financial
27 services fund

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

31 Sec. 18. County fiscal obligations; report

32 A. Notwithstanding any other law, for fiscal year 2015-2016, a county
33 with a population of less than two hundred thousand persons according to the
34 2010 United States decennial census may meet any county fiscal obligation
35 from any source of county revenue designated by the county, including monies
36 of any countywide special taxing jurisdiction in which the board of
37 supervisors serves as the board of directors.

38 B. On or before October 1, 2015, all counties with a population of
39 less than two hundred thousand persons according to the 2010 United States
40 decennial census shall report to the director of the joint legislative budget
41 committee whether the county used a revenue source to meet a county fiscal
42 obligation pursuant to subsection A of this section and, if so, the specific
43 source and amount of revenues that the county intends to use in fiscal year
44 2015-2016.

1 Sec. 19. Tax recovery; report; delayed repeal; definitions

2 A. Notwithstanding title 42, chapter 1, article 3, Arizona Revised
3 Statutes, the director of the department of revenue shall establish a tax
4 recovery program as provided in this section.

5 B. If a taxpayer complies with the requirements of this section by
6 applying to the department for recovery during the recovery period and
7 complying with the applicable tax requirements in the time and manner
8 prescribed in this section, the director shall abate or waive all the civil
9 penalties and interest for tax liabilities that have been or could be
10 assessed for any taxable period during the applicable liability period
11 without the need for the taxpayer to show reasonable cause or the absence of
12 wilful neglect. For the purposes of this subsection, "liability period"
13 means:

14 1. For taxpayers filing annually, any taxable period ending before
15 January 1, 2014.

16 2. For all other taxpayers, any taxable period ending before February
17 1, 2015.

18 C. The director may grant recovery only for the taxable periods and
19 tax liabilities identified in the application and only if the taxpayer
20 satisfies all of the recovery conditions and requirements prescribed by this
21 section.

22 D. To qualify for recovery, the taxpayer must submit a complete and
23 correct application as provided by subsection F of this section during the
24 recovery period.

25 E. A taxpayer does not qualify for recovery under this section if:

26 1. The taxpayer is a party to any criminal investigation or to any
27 criminal administrative proceeding or criminal litigation that is pending on
28 January 1, 2015 in any court of the United States or of this state for
29 failure to file or failure to pay, or for fraud with respect to, any tax
30 imposed by any law of this state and required to be collected by the
31 department.

32 2. The taxpayer has been the subject of a past tax-related criminal
33 investigation, indictment or prosecution if the investigation, indictment or
34 prosecution resulted in a conviction, a guilty plea or a plea of no contest.

35 3. The taxpayer has been convicted of a crime relating to any period
36 or assessment of a tax that is the basis of the penalty or interest with
37 respect to which recovery is sought.

38 4. The taxpayer is a party to a closing agreement with the department
39 for the tax periods included in the recovery application.

40 5. The taxpayer submits an application for recovery that does not
41 include any amount of unpaid tax.

42 F. An application for recovery:

43 1. Must be on an application form provided by the department that
44 requires the applicant to identify the tax, the qualifying taxable period and
45 the tax liability for which recovery is sought and to provide other

1 information prescribed by the director. The taxpayer shall include any
2 returns and reports, including amended returns and reports, for the tax and
3 taxable periods. Any return or report filed under this section is subject to
4 verification as provided by law. A taxpayer who has insufficient information
5 to file a full income tax return may file a gross income return and compute
6 the tax pursuant to established rate brackets based on average tax rates for
7 the applicable taxable years.

8 2. If the application for recovery is based on an established and
9 unpaid tax liability, must include a copy of the latest applicable billing
10 notice or any other documentation required by the department.

11 3. Must be filed with the department as prescribed by the director
12 during the recovery period.

13 4. Must include payment of the tax due.

14 G. An application for recovery constitutes an express and absolute
15 waiver of all administrative and judicial rights of appeal available at that
16 time that have not run or otherwise expired as of the date of application.
17 The state board of tax appeals and any court shall dismiss each such action
18 or proceeding before that body on receiving a notification from the director
19 that recovery has been granted for the taxable period for that taxpayer. If
20 the audit determination is not final, the taxpayer must withdraw from the
21 proceeding or litigation before recovery is granted. A taxpayer that files
22 an application for recovery retains all administrative and judicial rights of
23 appeal with respect to any additional tax assessed in a subsequent audit by
24 the department.

25 H. On reviewing the application and determining compliance with the
26 requirements of the recovery program under this section:

27 1. The director shall notify the taxpayer regarding the application
28 for recovery, waiving or abating the civil penalties and interest for tax
29 liabilities that were or could have been assessed for the taxable periods
30 covered by the application.

31 2. An administrative, civil or criminal action may not be brought for
32 failure to comply with the tax requirements for the taxable periods covered
33 by the application.

34 I. A grant of recovery under this section does not entitle any
35 affected taxpayer or other person to a refund or credit of any amount
36 previously paid.

37 J. The director shall deny or revoke the recovery of a person who
38 files a false or fraudulent application, return or report for purposes of
39 this section, or otherwise attempts to defeat or evade a tax through the
40 recovery program.

41 K. The director may:

42 1. Do all things necessary to provide for the timely implementation of
43 this section.

44 2. Adopt emergency rules pursuant to section 41-1026, Arizona Revised
45 Statutes, as necessary to administer this section.

1 L. The tax revenues collected pursuant to recovery payments shall be
2 distributed by the department as provided by law.

3 M. On or before January 1, 2016, the department shall submit a report
4 to the governor, the speaker of the house of representatives and the
5 president of the senate. The report shall include:

6 1. The number of taxpayers that have applied for recovery under this
7 section.

8 2. The number of taxpayers that have been granted recovery.

9 3. The amount of revenue received from taxpayers for the recovery
10 period.

11 N. This section is repealed from and after December 31, 2015.

12 O. For the purposes of this section:

13 1. "Recovery period" means September 1, 2015 through October 31, 2015.

14 2. "Tax" means any tax or surcharge administered or collected by the
15 department of revenue as provided under title 42, chapter 1, article 3,
16 Arizona Revised Statutes or under sections 5-839, 5-840, 48-4022, 48-4234 and
17 48-5805, Arizona Revised Statutes, except luxury tax and withholding tax.

18 3. "Tax requirement" means:

19 (a) Timely filing a complete and correct tax return or report required
20 by law.

21 (b) Timely paying a tax liability.

22 Sec. 20. Department of revenue; payment of contracted
23 collectors; rate; limit

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

30 Sec. 21. Legislative intent

31 A. It is the intent of the legislature that the fees prescribed in
32 section 42-5041, subsection B, Arizona Revised Statutes, be assessed and
33 collected pursuant to the following guidelines:

34 1. The total fees for all counties, cities and towns may not exceed
35 \$20,755,835 in any fiscal year.

36 2. The share of fees assessed to all counties pursuant to paragraph 1
37 of this subsection shall be in proportion to the aggregate amount of monies
38 distributed to counties in the preceding two fiscal years pursuant to title
39 42, chapter 6, article 3, Arizona Revised Statutes, and section 42-5029,
40 Arizona Revised Statutes, as a percentage of aggregate distributions to all
41 counties, cities and towns in the preceding two fiscal years pursuant to
42 title 42, chapter 6, article 3, Arizona Revised Statutes, and sections
43 42-5029, 42-6001 and 43-206, Arizona Revised Statutes.

1 3. The share of fees assessed to all cities and towns pursuant to
2 paragraph 1 of this subsection shall be in proportion to the aggregate amount
3 of monies distributed to cities and towns in the preceding two fiscal years
4 pursuant to title 42, chapter 6, article 3, Arizona Revised Statutes, and
5 section 42-5029, Arizona Revised Statutes, as a percentage of aggregate
6 distributions to all counties, cities and towns in the preceding two fiscal
7 years pursuant to title 42, chapter 6, article 3, Arizona Revised Statutes,
8 and sections 42-5029, 42-6001 and 43-206, Arizona Revised Statutes.

9 4. Except as provided by sections 42-5033 and 42-5033.01, Arizona
10 Revised Statutes, the population of a county as determined by the most recent
11 United States decennial census plus any revision to the decennial census
12 certified by the United States census bureau shall be used as the basis for
13 apportioning monies pursuant to paragraph 2 of this subsection.

14 5. Except as provided by sections 42-5033 and 42-5033.01, Arizona
15 Revised Statutes, the population of a city or town as determined by the most
16 recent United States decennial census plus any revision to the decennial
17 census certified by the United States census bureau shall be used as the
18 basis for apportioning monies pursuant to paragraph 3 of this subsection.

19 B. It is the intent of the legislature that the fees prescribed in
20 section 42-5041, subsection C, Arizona Revised Statutes, be payable in an
21 amount equal to seventy-six cents multiplied by the population of the city or
22 town used for the purposes of computing state share revenues pursuant to
23 sections 42-5029 and 43-206, Arizona Revised Statutes.

24 Sec. 22. Effective date

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