

State of Arizona  
Senate  
Fifty-second Legislature  
Second Regular Session  
2016

# SENATE BILL 1244

AN ACT

AMENDING SECTIONS 35-144, 37-623.02, 48-805.02 AND 48-807, ARIZONA REVISED STATUTES; RELATING TO FIRE DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 35-144, Arizona Revised Statutes, is amended to  
3 read:

4 35-144. Budget stabilization fund; definitions

5 A. The budget stabilization fund is established consisting of monies  
6 transferred from the state general fund pursuant to subsection B of this  
7 section. The state treasurer shall administer the fund and invest and divest  
8 monies in the fund as provided by sections 35-313 and 35-314.02, and monies  
9 earned from investment shall be credited to the fund. Except as provided by  
10 this section:

11 1. Monies in the fund are exempt from the provisions of section 35-190  
12 relating to the reversion of monies to the state general fund.

13 2. The monies in the fund are separate monies to be used only for the  
14 purposes of the fund.

15 3. AN AMOUNT SUFFICIENT TO PAY CLAIMS CERTIFIED BY THE STATE FORESTER  
16 PURSUANT TO SECTION 37-623.02, SUBSECTION E, PARAGRAPH 4 IS CONTINUOUSLY  
17 APPROPRIATED FROM THE FUND TO THE STATE TREASURER FOR PAYMENT OF THE  
18 CERTIFIED CLAIMS. NOT MORE THAN TEN MILLION DOLLARS IN UNREIMBURSED CLAIMS  
19 MAY BE OUTSTANDING FROM THE FUND AT ANY TIME FROM THE MONIES APPROPRIATED  
20 PURSUANT TO THIS PARAGRAPH.

21 B. In a calendar year in which the annual growth rate exceeds the  
22 trend growth rate, the excess growth when multiplied by total general fund  
23 revenue of the fiscal year ending in the calendar year determines the amount  
24 to be appropriated by the legislature to the budget stabilization fund in the  
25 fiscal year in which the calendar year ends.

26 C. In a calendar year in which the annual growth rate is both less  
27 than two ~~per cent~~ PERCENT and less than the trend growth rate, the difference  
28 between the annual growth rate and the trend growth rate when multiplied by  
29 the total general fund revenue of the fiscal year ending in the calendar year  
30 determines the amount to be transferred by the legislature from the budget  
31 stabilization fund to the state general fund at the end of the fiscal year in  
32 which the calendar year ends. The transfer calculated pursuant to this  
33 subsection shall not exceed the available balance in the fund, nor shall the  
34 legislature transfer an amount ~~which~~ THAT exceeds the amount sufficient to  
35 balance the general fund budget.

36 D. The legislature shall pass a bill ~~which~~ THAT contains the emergency  
37 clause if the legislature either:

38 1. Reduces the amount for appropriation to the budget stabilization  
39 fund under subsection B of this section.

40 2. Increases the amount for transfer to the state general fund under  
41 subsection C of this section.

42 E. The annual budget recommendations of the governor and the joint  
43 legislative budget committee shall include estimates of appropriations or  
44 transfers required under subsection B or C of this section.

1 F. A final determination of the amount to be appropriated to or  
2 transferred from the budget stabilization fund shall be made using personal  
3 income and price deflator estimates as reported in the second calendar  
4 quarter for the preceding calendar year. The economic estimates commission  
5 shall determine the annual growth rate, the trend growth rate and the  
6 required appropriation to or transfer from the budget stabilization fund at  
7 its first meeting following the second calendar quarter report of the United  
8 States department of commerce, but not later than June 1. The commission  
9 shall certify and report its findings to the governor, the state treasurer,  
10 the president of the senate, the speaker of the house of representatives and  
11 the joint legislative budget committee.

12 G. The appropriation calculated pursuant to subsection B of this  
13 section may be included in the general appropriation bill for that fiscal  
14 year. Any additional appropriation calculated pursuant to subsection F of  
15 this section shall be made by separate act.

16 H. At the end of a fiscal year, the budget stabilization fund balance  
17 shall not exceed 5.634 ~~per-cent~~ PERCENT for fiscal year 1997-1998, 6.333  
18 ~~per-cent~~ PERCENT for fiscal year 1998-1999 and seven ~~per-cent~~ PERCENT for  
19 fiscal year 1999-2000 and each subsequent fiscal year of general fund revenue  
20 for each fiscal year. Any surplus monies above the allowable percentages  
21 shall be transferred by the state treasurer to the state general fund.

22 I. The state treasurer may temporarily divest monies in the budget  
23 stabilization fund to avoid a negative cash balance in operating monies. The  
24 amount divested shall not exceed the amount required to meet immediate cash  
25 needs. The state treasurer may divest monies in the budget stabilization  
26 fund only when the general fund has a negative cash balance.

27 J. ~~In~~ FOR THE PURPOSES OF this section:

28 1. "Adjusted personal income" means personal income minus transfer  
29 payments, as reported by the United States department of commerce, bureau of  
30 economic analysis, or its successor agency.

31 2. "Annual growth rate" means the percentage change in real adjusted  
32 personal income in the calendar year ending during a fiscal year as compared  
33 to real adjusted personal income for the preceding calendar year. The annual  
34 growth rate shall be rounded to the nearest one-hundredth of one ~~per-cent~~  
35 PERCENT.

36 3. "GDP price deflator" means the gross domestic product price  
37 deflator reported by the United States department of commerce, bureau of  
38 economic analysis, or its successor agency.

39 4. "Personal income" means the total personal income of all persons in  
40 this state reported by the United States department of commerce, bureau of  
41 economic analysis, or its successor agency.

42 5. "Real adjusted personal income" means an amount ~~which~~ THAT is  
43 determined by dividing adjusted personal income by the GDP price deflator and  
44 multiplying the result by one hundred.

1           6. "Transfer payments" means that portion of personal income ~~which~~  
2 ~~THAT~~ represents a government expenditure for which no service is rendered or  
3 product is delivered, as determined by the United States department of  
4 commerce, bureau of economic analysis, or its successor agency.

5           7. "Trend growth rate" means the average annual growth rate for the  
6 most recent seven calendar years, rounded to the nearest one-hundredth of one  
7 ~~per-cent~~ PERCENT.

8           Sec. 2. Section 37-623.02, Arizona Revised Statutes, is amended to  
9 read:

10           37-623.02. Emergencies; prohibiting fireworks; liabilities and  
11           expenses; fire suppression revolving fund

12           A. On request of the state forester, the governor may authorize the  
13 state forester to incur liabilities for suppressing wildland fires and  
14 responding to other unplanned all-risk activities from unrestricted monies in  
15 the state general fund whether or not the legislature is in session.

16           B. The state forester has the authority to prohibit the use of  
17 fireworks during times of high fire potential in the unincorporated areas of  
18 the state.

19           C. The state forester or the state forester's designee shall review  
20 all liabilities incurred and expenditures made under this section and shall  
21 report the expenditures to the department of administration for audit  
22 according to department of administration rules. The state forester shall  
23 transmit a copy of the report to the state emergency council.

24           D. Liabilities incurred under this section are subject to the  
25 following limitations:

26           1. Wildland fire suppression or other unplanned all-risk emergency  
27 liabilities shall not exceed three million dollars of state general fund  
28 monies pursuant to subsection A of this section in a fiscal year for costs  
29 associated with suppressing wildland fires, supporting other unplanned  
30 all-risk activities such as fire, flood, earthquake, wind and hazardous  
31 material responses and preparing for periods of extreme fire danger and  
32 pre-position equipment and other fire suppression resources to provide for  
33 enhanced initial attack on wildland fires. The state forester shall not  
34 incur nonreimbursable liabilities for support of nonfire all-risk activities.  
35 The governor shall determine when periods of extreme fire danger exist and  
36 must approve any expenditure for pre-positioning activities.

37           2. If the funding authorization in paragraph 1 of this subsection is  
38 exhausted, or if the nonreimbursable liabilities incurred exceed the cash  
39 balance of the fire suppression revolving fund, the state forester shall not  
40 incur additional liabilities without the consent of a majority of the state  
41 emergency council as authorized by section 35-192.

42           E. The state forester shall process and pay claims for reimbursement  
43 for wildland fire suppression services, **INCLUDING CLAIMS FOR PERSONNEL HOURS,**

1 USED SUPPLIES AND REASONABLE AND NEGOTIATED COSTS OF DAMAGE TO EQUIPMENT THAT  
2 EXCEEDS NORMAL WEAR AND TEAR, as follows:

3 1. Except as provided by paragraph 2 of this subsection, within thirty  
4 days after receiving a complete and correct claim for wildland fire  
5 suppression services, the state forester shall pay the claim from available  
6 monies that have not been committed to the payment of other wildfire  
7 expenses.

8 2. Within thirty days after receiving a complete and correct claim for  
9 wildland fire suppression services on federal lands, the state forester shall  
10 complete the processing of the claim and forward the claim to the appropriate  
11 federal agency.

12 3. For any valid claim other than for federal reimbursement, if there  
13 is insufficient funding in the fire suppression revolving fund, the holder of  
14 the unpaid claim shall be issued a certificate pursuant to section 35-189.

15 4. FOR ANY VALID CLAIM FOR FEDERAL REIMBURSEMENT, THE STATE FORESTER  
16 SHALL CERTIFY THE CLAIM TO THE STATE TREASURER WHO SHALL PAY THE CLAIM,  
17 INCLUDING CLAIMS FOR PERSONNEL HOURS, USED SUPPLIES AND REASONABLE AND  
18 NEGOTIATED COSTS OF DAMAGE TO EQUIPMENT THAT EXCEEDS NORMAL WEAR AND TEAR,  
19 FROM MONIES APPROPRIATED FROM THE BUDGET STABILIZATION FUND PURSUANT TO  
20 SECTION 35-144, SUBSECTION A, PARAGRAPH 3. THE STATE FORESTER SHALL  
21 REIMBURSE THE STATE TREASURER WITHIN FORTY-FIVE DAYS AFTER PAYMENT OF THE  
22 CLAIM BY A FEDERAL AGENCY AND THE STATE TREASURER SHALL DEPOSIT THOSE MONIES  
23 IN THE BUDGET STABILIZATION FUND ESTABLISHED BY SECTION 35-144.

24 F. Monies received for suppressing wildland fires, pre-positioning  
25 equipment and firefighting resources and other unplanned all-risk activities  
26 may be used for the purposes of section 37-623 and this section.

27 G. The state forester shall adopt rules for administering the wildland  
28 fire suppression monies authorized under this section, subject to approval of  
29 the governor.

30 H. The state forester may require reimbursement from cities and other  
31 political subdivisions of this state and state and federal agencies for costs  
32 incurred in the suppression of wildland fires, pre-suppression or unplanned  
33 all-risk activities. Reimbursement shall be based on the terms and  
34 conditions in cooperative agreements, land ownership or negligence. The  
35 state forester may require reimbursement from individuals or businesses only  
36 for costs incurred in the suppression of wildland fires or unplanned all-risk  
37 activities caused by their negligence or criminal acts.

38 I. The fire suppression revolving fund is established consisting of  
39 civil penalties collected pursuant to section 36-1610 and monies received by  
40 the state forester for wildland fire suppression and pre-positioning  
41 equipment and resources and for payment for activities related to combating  
42 wildland fires and supporting other unplanned all-risk activities such as  
43 fire, flood, earthquake, wind and hazardous material responses. The state  
44 forester shall not incur nonreimbursable liabilities for support of nonfire

1 all-risk activities. The state forester shall administer the fund, and all  
2 monies received for these activities shall be deposited, pursuant to sections  
3 35-146 and 35-147, in the fund. Monies in the fire suppression revolving  
4 fund are continuously appropriated to the state forester, except that if the  
5 unobligated balance of the fund exceeds two million dollars at the end of any  
6 calendar year, the excess shall be transferred to the state general fund.  
7 Monies in the fire suppression revolving fund are otherwise exempt from the  
8 provisions of section 35-190 relating to lapsing of appropriations.

9 Sec. 3. Section 48-805.02, Arizona Revised Statutes, is amended to  
10 read:

11 48-805.02. Fire district annual budget; levy; requirements

12 A. A fire district shall prepare an annual budget that contains  
13 detailed estimated expenditures for each fiscal year and that clearly shows  
14 salaries payable to employees of the district. The budget summary shall be  
15 posted in three public places and a complete copy of the budget shall be  
16 published on the district's official website for twenty days before a public  
17 hearing at a meeting called by the board to adopt the budget. Copies of the  
18 budget shall also be available to members of the public on written request to  
19 the district. Following the public hearing, the district board shall adopt a  
20 budget. A complete copy of the adopted budget shall be posted in a prominent  
21 location on the district's official website within seven business days after  
22 final adoption and shall be retained on the website for at least sixty  
23 months. For any fire district that does not maintain an official website,  
24 the fire district may comply with this subsection by posting on a website of  
25 an association of fire districts in this state.

26 B. Not more than ten days after the organization of a fire district  
27 and not later than August 1 of each year thereafter, the chairman of the  
28 district board shall submit to the county board of supervisors a budget  
29 estimate that contains certifications by item and that specifies the amount  
30 of money required for the maintenance and operation of the district for the  
31 ensuing year.

32 C. Based on the budget submitted by the district, the board of  
33 supervisors shall levy the tax as prescribed in section 48-807, subsection  
34 ~~E~~ F.

35 D. Every budget adopted by a fire district shall include the  
36 following:

37 1. A certification by the chairman and clerk of the district board as  
38 to both of the following:

39 (a) That the district has not incurred any debt or liability in excess  
40 of taxes levied and to be collected and the money actually available and  
41 unencumbered at that time in the district general fund, except for those  
42 liabilities as prescribed in section 48-805, subsection B, paragraph 2 and  
43 sections 48-806 and 48-807.

44 (b) That the district complies with subsection F of this section.

1           2. For each of the items listed in the budget summary approved  
2 pursuant to subsection A of this section, the district shall estimate the  
3 revenue or expense for the next two fiscal years. Estimates shall be based  
4 on the average increase or decrease of the item for the previous two fiscal  
5 years unless more certain information is available to the district.  
6 Estimates shall include any applicable levy or rate limitations.

7           3. If a district's total estimate of expenses exceeds its total  
8 estimate of revenues for any fiscal year, the district shall undertake a  
9 study of merger, consolidation or joint operating alternatives. The study  
10 required by this paragraph shall be presented to the fire district board in a  
11 special public meeting called for the sole purpose of evaluating the study.  
12 The study shall include an identification of districts available for merger,  
13 consolidation or joint operations, an analysis of the level of service and  
14 cost of service that may be provided to the residents of a merged,  
15 consolidated or jointly operated district as compared to the level and cost  
16 of service to the residents of the districts without any merger,  
17 consolidation or joint operations.

18           E. For any district that amends its budget after its initial adoption,  
19 the district board shall hold at least two hearings on the revision of the  
20 budget and the revised budget must be considered and adopted in a special  
21 meeting that is called for the adoption of the revised budget. The special  
22 meeting must be held one week after the consideration of the revision of the  
23 budget at a regularly scheduled meeting of the board of directors of the  
24 district. This subsection does not apply to a district organized pursuant to  
25 article 3 of this chapter.

26           F. When a fire district has adopted a budget and the board of  
27 supervisors has levied a fire district tax as provided in subsection C of  
28 this section and the district has insufficient monies in its general fund  
29 with the county treasurer to operate the district, the chairman of the fire  
30 district board of directors, on or after August 1 of each year, may draw  
31 warrants for the purposes prescribed in section 48-805 on the county  
32 treasurer, payable on November 1 of that year or on April 1 of the succeeding  
33 year. The aggregate amounts of the warrants may not exceed ninety percent of  
34 the taxes levied by the county for the district's current fiscal year. If  
35 the treasurer cannot pay a warrant for lack of monies in the fire district  
36 general fund, the warrant shall be endorsed, be registered, bear interest and  
37 be redeemed as provided by law for county warrants, except that the warrants  
38 are payable only from the fire district general fund.

39           G. Any audit, report or review of a fire district made pursuant to  
40 section 48-253 shall be presented to the district board by the auditor  
41 telephonically or in another live electronic format during a public meeting  
42 of the board or, as directed by the board, in person at a public meeting of  
43 the board. The district board shall take formal action at the public meeting  
44 to review and receive the audit, report or review. The audit, report or

1 review shall include an attestation by the auditor of the district as to all  
2 of the following:

3 1. That the district has not incurred any debt or liability in excess  
4 of taxes levied and to be collected and the monies actually available and  
5 unencumbered at that time in the district general fund except for those  
6 liabilities as prescribed in section 48-805, subsection B, paragraph 2 and  
7 sections 48-806 and 48-807.

8 2. That the district complies with subsection F of this section.

9 3. Whether the audit, report or review disclosed any information  
10 contrary to the certification made as prescribed by subsection D, paragraph 1  
11 of this section.

12 Sec. 4. Section 48-807, Arizona Revised Statutes, is amended to read:

13 48-807. County fire district assistance tax; annual budget;  
14 override

15 A. The board of supervisors of a county shall levy, at the time of  
16 levying other property taxes, a county fire district assistance tax on the  
17 taxable property in the county of not more than ten cents per one hundred  
18 dollars of assessed valuation. The tax levy provided for in this subsection  
19 shall be a levy of secondary property taxes and shall not be subject to title  
20 42, chapter 17, article 2. The county treasurer shall pay to each fire  
21 district, including a fire district formed pursuant to section 48-851, in the  
22 county from the proceeds of the tax an amount equal to twenty percent of the  
23 property tax levy adopted by the district for the fiscal year in which the  
24 tax will be levied, except that:

25 1. The amount of assistance from the county to a fire district shall  
26 be reduced as follows:

27 (a) Through the fiscal year that ends June 30, 2012, by the dollar  
28 amount that the fire district receives from the fire district assistance tax  
29 that exceeds three hundred thousand dollars from and after June 30 of each  
30 fiscal year.

31 (b) Beginning with the fiscal year that starts July 1, 2012, by the  
32 dollar amount that the fire district receives from the fire district  
33 assistance tax that exceeds four hundred thousand dollars from and after  
34 June 30 of each fiscal year, without regard to whether the district is  
35 located in more than one county.

36 (c) Except as provided in paragraph 2 of this subsection, if the total  
37 amount to be paid to all districts in the county under this paragraph exceeds  
38 the amount to be raised by the levy of ten cents per one hundred dollars  
39 assessed valuation, then the county treasurer shall pay an amount less than  
40 twenty percent of the property tax levy of each district. The amount to be  
41 paid by the county treasurer to each district shall be determined by  
42 multiplying the proceeds of the county fire district assistance tax against  
43 the proportion that twenty percent of the property tax levy of each district



1 bears to the total of twenty percent of the property tax levies of all fire  
2 districts in the county.

3 2. For fiscal years beginning from and after July 1, 1992, the amount  
4 of assistance from the county to a fire district shall not be less than the  
5 assistance provided from and after June 30, 1991 through June 30, 1992, if,  
6 for the fiscal year in which the tax will be levied, the district levies a  
7 tax, in addition to any tax levied under section 48-806, of three dollars per  
8 one hundred dollars of assessed valuation and the assessed valuation is at  
9 least ninety percent of the assessed valuation for the 1991 tax year. This  
10 paragraph does not apply to fire districts subject to paragraph 1,  
11 subdivision (a) or (b) of this subsection.

12 B. For the purpose of subsection A of this section, the property tax  
13 levy of the fire district shall include in lieu contributions pursuant to  
14 chapter 1, article 8 of this title but shall not include property tax levies  
15 to be applied to the payment of principal and interest on bonds issued  
16 pursuant to section 48-806.

17 C. Beginning with the fiscal year that starts July 1, ~~2012~~ 2016, a  
18 consolidated district shall not receive more than ~~four hundred thousand~~  
19 ~~dollars~~ THE MAXIMUM ALLOWABLE AMOUNT in fire district assistance tax monies  
20 AS PRESCRIBED IN SUBSECTION D OF THIS SECTION, without regard to whether the  
21 consolidated district is located in more than one county.

22 D. Beginning with the fiscal year that starts July 1, ~~2012~~ 2016, ~~if~~  
23 FOR ANY two or more fire districts THAT merge OR CONSOLIDATE to form a  
24 consolidated district ~~and the total of the amounts received by each fire~~  
25 ~~district from the fire district assistance tax is less than four hundred~~  
26 ~~thousand dollars~~ ON OR AFTER JULY 1, 2014, the consolidated district may  
27 continue to receive monies ~~until its receipts total four hundred thousand~~  
28 ~~dollars~~; IN AN AMOUNT NOT TO EXCEED THE SUM OF THE AVERAGE OF THE AMOUNT OF  
29 FIRE DISTRICT ASSISTANCE TAX MONIES RECEIVED BY EACH OF THE CONSOLIDATING OR  
30 MERGING DISTRICTS IN THE FIVE FISCAL YEARS IMMEDIATELY PRECEDING THE MERGER  
31 OR CONSOLIDATION as prescribed in subsection A of this section, without  
32 regard to whether the consolidated district is located in more than one  
33 county.

34 E. FOR A CONSOLIDATED DISTRICT THAT IS FORMED IN ANY FISCAL YEAR  
35 BEGINNING JULY 1, 2014 OR LATER AND THAT IS RECEIVING FIRE DISTRICT  
36 ASSISTANCE TAX MONIES THAT ARE REDUCED AS PRESCRIBED IN SUBSECTION A,  
37 PARAGRAPH 1, SUBDIVISION (c) OF THIS SECTION, IF THE TOTAL AMOUNT OF FIRE  
38 DISTRICT ASSISTANCE TAX MONIES THAT WOULD BE PAID TO ALL DISTRICTS IN THE  
39 COUNTY PURSUANT TO SUBSECTION A OF THIS SECTION IS LESS THAN THE AMOUNT OF  
40 MONIES THAT WOULD BE RAISED BY THE LEVY OF TEN CENTS PER ONE HUNDRED DOLLARS  
41 ASSESSED VALUATION, THE TREASURER SHALL PAY THE CONSOLIDATED DISTRICT THE  
42 AMOUNT OF FIRE DISTRICT ASSISTANCE TAX MONIES PRESCRIBED BY SUBSECTION A OF  
43 THIS SECTION THAT WOULD HAVE BEEN PAID TO THE DISTRICTS AT THE TIME THE  
44 DISTRICTS MERGED OR CONSOLIDATED.

1           ~~E~~. F. The board, based on the budget submitted by the district, shall  
2 levy, in addition to any tax levied as provided in section 48-806, a tax not  
3 to exceed three dollars twenty-five cents per one hundred dollars of assessed  
4 valuation, or the amount of the levy in the preceding tax year multiplied by  
5 1.08, whichever levy is less, and minus any amounts required to reduce the  
6 levy pursuant to subsection ~~H~~ I of this section, against all property  
7 situated within the district boundaries and appearing on the last assessment  
8 roll. The levy shall be made and the taxes collected in the manner, at the  
9 time and by the officers provided by law for the collection of general county  
10 taxes.

11           ~~F~~. G. The qualified electors of the district, voting in an election  
12 as prescribed by subsection ~~G~~ H of this section, may authorize the board to  
13 levy a tax exceeding the limits prescribed by subsection ~~E~~ F of this section  
14 under one, but not both, of the following options:

15           1. The electors may authorize a permanent override allowing annual  
16 levies without reference to the levy in the preceding tax year, but remaining  
17 subject to the tax rate limit of three dollars twenty-five cents per one  
18 hundred dollars of assessed valuation. An election for the purposes of this  
19 paragraph must be held at a regularly scheduled general election held on the  
20 first Tuesday following the first Monday in November as prescribed by section  
21 16-204, subsection F.

22           2. If the net assessed valuation of all property in the district  
23 declines by a combined total of twenty percent or more over two consecutive  
24 valuation years, the electors voting at the next regularly scheduled general  
25 election held on the first Tuesday following the first Monday in November as  
26 prescribed by section 16-204, subsection F may authorize an override for five  
27 consecutive tax years allowing annual levies that are exempt from the tax  
28 rate limit of three dollars twenty-five cents, but subject to an annual levy  
29 limit of the amount of the levy in the preceding tax year multiplied by  
30 1.05. After the fifth tax year, the district is again subject to the limits  
31 prescribed by subsection ~~E~~ F of this section, computed by multiplying the  
32 levy beginning in the year preceding the override by 1.08 for each year  
33 through the current tax year.

34           ~~G~~. H. The call for an override election held for the purposes of  
35 subsection ~~F~~ G of this section must state:

36           1. The purpose for requesting additional secondary property tax  
37 revenue for the district.

38           2. If the voters approve the levy:

39           (a) The maximum dollar amount of secondary property tax that may be  
40 collected in the first year compared to the existing maximum secondary  
41 property tax levy prescribed in subsection ~~E~~ F of this section.

42           (b) The estimated secondary property tax rate to fund the proposed  
43 levy under subdivision (a) of this paragraph in the first tax year compared  
44 to the secondary property tax rate levied in the current year.

1           ~~H.~~ I. If the district annexes additional territory, the limit under  
2 subsection ~~E- F~~ of this section shall be adjusted by applying the district's  
3 tax rate to the assessed valuation of the annexed property in the preceding  
4 tax year. If districts are merged or consolidated under this chapter, the  
5 limitation under this subsection in the first year after the districts are  
6 merged or consolidated is the total of the levies of the merged or  
7 consolidated districts in the preceding tax year multiplied by 1.08 or the  
8 amount of the levies allowed by the maximum rate prescribed by subsection  
9 ~~E- F~~ of this section, whichever is less.

10           ~~I.~~ J. The district shall maintain any property tax revenues collected  
11 in excess of the sum of the amounts of taxes collectible pursuant to section  
12 42-17054 and the allowable levy determined under subsection ~~E- F~~ of this  
13 section in a separate fund and used to reduce the property tax levy in the  
14 following tax year.

15           ~~J.~~ K. The levy limit under this section is considered to be increased  
16 each year to the maximum limit permissible under subsection ~~E- F~~ of this  
17 section regardless of whether the district actually levies taxes up to the  
18 maximum permissible amount in that year.

19           ~~K.~~ L. The county treasurer shall keep the money received from taxes  
20 levied pursuant to subsection ~~E- F~~ of this section in a separate fund known  
21 as the "fire district general fund" of the district for which collected. Any  
22 surplus remaining in the fire district general fund at the end of the fiscal  
23 year shall be credited to the fire district general fund of the district for  
24 which it was collected for the succeeding fiscal year and after subtraction  
25 of accounts payable and encumbrances, shall be used to reduce the property  
26 tax levy in the following tax year.

27           ~~L.~~ M. A fire district may maintain separate accounts with a financial  
28 institution that is authorized to do business in this state for the purpose  
29 of operating a payroll account or for holding special revenues or ambulance  
30 revenues, or both, as necessary to fulfill the district's fiduciary  
31 responsibilities.

32           ~~M.~~ N. A fire district, through the county treasurer, shall establish  
33 the relevant governmental funds necessary for the proper management and  
34 fiscal accountability of district monies from property taxes, grants,  
35 contributions and donations, as defined by the government accounting  
36 standards board. Unless the monies received are legally restricted by  
37 contract, agreement or law, those monies may be transferred between fund  
38 accounts according to the original or amended budget of the fire district.

39           ~~N.~~ O. A fire district shall reconcile all balance sheet accounts for  
40 accounts for each calendar month of the fiscal year within thirty days after  
41 the end of that calendar month. The fire district board shall review the  
42 reconciled balance sheet accounts monthly, except that for a fire district  
43 that is governed by a three-member board, the board may review the reconciled  
44 balance sheet accounts every two months.

1           ~~0-~~ P. A fire district shall produce monthly financial reports to  
2 include a register of checks, warrants and deposits, a statement of financial  
3 activities and a statement of net assets for each calendar month. A fire  
4 district shall produce a cash flow projection report for each fiscal year.  
5 The cash flow projection report shall be updated monthly with the actual  
6 revenues and expenditures from the preceding month. Each month, the fire  
7 district board shall review the financial reports, the updated cash flow  
8 projections report and all month-end fund statements and reports of the  
9 preceding month to include those reports provided by the county treasurer and  
10 each of the financial institutions in which the district maintains an  
11 account, except that for a fire district that is governed by a three-member  
12 board, the board may review the reports and statements prescribed by this  
13 subsection every two months. Any financial report or cash flow projection  
14 report that would indicate that the district is likely to violate section  
15 48-805.02, subsection D, paragraph 1 or that would indicate an adverse impact  
16 on the ongoing operations or liquidity of the district shall be reported by  
17 the fire district board chairman in writing and delivered by certified mail  
18 to the county treasurer and the county board of supervisors within ten days  
19 after the discovery.

20           ~~P-~~ Q. Notwithstanding section 11-605, a fire district may register  
21 warrants only if separate accounts are maintained by the county treasurer for  
22 each governmental fund of a fire district. Warrants may only be registered  
23 on the maintenance and operation account, the unrestricted capital outlay  
24 account and the special revenue account, and only if the total cash balance  
25 of all three accounts is insufficient to pay the warrants and after any  
26 revolving line of credit has been expended as prescribed in section 11-635.

27           ~~0-~~ R. When a fire district has adopted a budget and the board of  
28 supervisors has levied a fire district tax as provided in subsection ~~E~~ F of  
29 this section and the district has insufficient money in its general fund with  
30 the county treasurer to operate the district, the chairman of the board, on  
31 or after August 1 of each year, may draw warrants for the purposes prescribed  
32 in section 48-805 on the county treasurer, payable on November 1 of that year  
33 or on April 1 of the succeeding year. The aggregate amounts of the warrants  
34 may not exceed ninety percent of the taxes levied by the county for the  
35 district's current fiscal year. If the treasurer cannot pay a warrant for  
36 lack of funds in the fire district general fund, the warrant shall be  
37 endorsed, be registered, bear interest and be redeemed as provided by law for  
38 county warrants, except that the warrants are payable only from the fire  
39 district general fund.

40           Sec. 5. County fire district budget override election; 2016 and  
41                                   2017

42           Notwithstanding section 48-807, subsection G, Arizona Revised Statutes,  
43 as amended by this act, the electors of a fire district voting at a regularly  
44 scheduled general election held on the first Tuesday following the first

1 Monday in November in 2016 or 2017 as prescribed by section 16-204,  
2 subsection F, Arizona Revised Statutes, may authorize a temporary budget  
3 override for five consecutive tax years that allows annual levies that are  
4 exempt from the statutory tax rate limit of three dollars twenty-five cents  
5 but that are subject to a tax rate limit of not more than three dollars fifty  
6 cents per one hundred dollars of assessed valuation. The election shall be  
7 held as prescribed by section 48-807, Arizona Revised Statutes, as amended by  
8 this act. After the fifth tax year, the fire district is again subject to  
9 the limits prescribed by section 48-807, subsection F, Arizona Revised  
10 Statutes, computed by multiplying the levy beginning in the year preceding  
11 the override by 1.08 for each year through the current tax year.

12 Sec. 6. Retroactivity

13 A. Sections 48-805.02 and 48-807, Arizona Revised Statutes, as amended  
14 by this act, apply retroactively to from and after June 30, 2016.

15 B. Section 5 of this act is effective retroactively to from and after  
16 May 31, 2016.

17 Sec. 7. Emergency

18 This act is an emergency measure that is necessary to preserve the  
19 public peace, health or safety and is operative immediately as provided by  
20 law.