

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

CHAPTER 219
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,~~
44 ~~USED SUPPLIES AND REASONABLE AND NEGOTIATED COSTS OF DAMAGE TO EQUIPMENT THAT~~
45 ~~EXCEEDS NORMAL WEAR AND TEAR,~~ as follows:

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

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

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

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

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

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

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

36 I. The fire suppression revolving fund is established consisting of
37 civil penalties collected pursuant to section 36-1610 and monies received by
38 the state forester for wildland fire suppression and pre-positioning
39 equipment and resources and for payment for activities related to combating
40 wildland fires and supporting other unplanned all-risk activities such as
41 fire, flood, earthquake, wind and hazardous material responses. The state
42 forester shall not incur nonreimbursable liabilities for support of nonfire
43 all-risk activities. The state forester shall administer the fund, and all
44 monies received for these activities shall be deposited, pursuant to sections
45 35-146 and 35-147, in the fund. Monies in the fire suppression revolving

1 fund are continuously appropriated to the state forester, except that if the
2 unobligated balance of the fund exceeds two million dollars at the end of any
3 calendar year, the excess shall be transferred to the state general fund.
4 Monies in the fire suppression revolving fund are otherwise exempt from the
5 provisions of section 35-190 relating to lapsing of appropriations.

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

8 48-805.02. Fire district annual budget; levy; requirements

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

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

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

32 D. Every budget adopted by a fire district shall include the
33 following:

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

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

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

42 2. For each of the items listed in the budget summary approved
43 pursuant to subsection A of this section, the district shall estimate the
44 revenue or expense for the next two fiscal years. Estimates shall be based
45 on the average increase or decrease of the item for the previous two fiscal

1 years unless more certain information is available to the district.
2 Estimates shall include any applicable levy or rate limitations.

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

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

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

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

43 1. That the district has not incurred any debt or liability in excess
44 of taxes levied and to be collected and the monies actually available and
45 unencumbered at that time in the district general fund except for those

1 liabilities as prescribed in section 48-805, subsection B, paragraph 2 and
2 sections 48-806 and 48-807.

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

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

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

8 48-807. County fire district assistance tax: annual budget:
9 override

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

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

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

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

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

41 2. For fiscal years beginning from and after July 1, 1992, the amount
42 of assistance from the county to a fire district shall not be less than the
43 assistance provided from and after June 30, 1991 through June 30, 1992, if,
44 for the fiscal year in which the tax will be levied, the district levies a
45 tax, in addition to any tax levied under section 48-806, of three dollars per

1 one hundred dollars of assessed valuation and the assessed valuation is at
2 least ninety percent of the assessed valuation for the 1991 tax year. This
3 paragraph does not apply to fire districts subject to paragraph 1,
4 subdivision (a) or (b) of this subsection.

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

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

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

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

38 ~~E.~~ F. The board, based on the budget submitted by the district, shall
39 levy, in addition to any tax levied as provided in section 48-806, a tax not
40 to exceed three dollars twenty-five cents per one hundred dollars of assessed
41 valuation, or the amount of the levy in the preceding tax year multiplied by
42 1.08, whichever levy is less, and minus any amounts required to reduce the
43 levy pursuant to subsection ~~H~~ I of this section, against all property
44 situated within the district boundaries and appearing on the last assessment
45 roll. The levy shall be made and the taxes collected in the manner, at the

1 time and by the officers provided by law for the collection of general county
2 taxes.

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

7 1. The electors may authorize a permanent override allowing annual
8 levies without reference to the levy in the preceding tax year, but remaining
9 subject to the tax rate limit of three dollars twenty-five cents per one
10 hundred dollars of assessed valuation. An election for the purposes of this
11 paragraph must be held at a regularly scheduled general election held on the
12 first Tuesday following the first Monday in November as prescribed by section
13 16-204, subsection F.

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

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

28 1. The purpose for requesting additional secondary property tax
29 revenue for the district.

30 2. If the voters approve the levy:

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

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

37 ~~H.~~ I. If the district annexes additional territory, the limit under
38 subsection ~~E~~ F of this section shall be adjusted by applying the district's
39 tax rate to the assessed valuation of the annexed property in the preceding
40 tax year. If districts are merged or consolidated under this chapter, the
41 limitation under this subsection in the first year after the districts are
42 merged or consolidated is the total of the levies of the merged or
43 consolidated districts in the preceding tax year multiplied by 1.08 or the
44 amount of the levies allowed by the maximum rate prescribed by subsection
45 ~~E~~ F of this section, whichever is less.

1 ~~I~~. J. The district shall maintain any property tax revenues collected
2 in excess of the sum of the amounts of taxes collectible pursuant to section
3 42-17054 and the allowable levy determined under subsection ~~E~~ F of this
4 section in a separate fund and used to reduce the property tax levy in the
5 following tax year.

6 ~~J~~. K. The levy limit under this section is considered to be increased
7 each year to the maximum limit permissible under subsection ~~E~~ F of this
8 section regardless of whether the district actually levies taxes up to the
9 maximum permissible amount in that year.

10 ~~K~~. L. The county treasurer shall keep the money received from taxes
11 levied pursuant to subsection ~~E~~ F of this section in a separate fund known
12 as the "fire district general fund" of the district for which collected. Any
13 surplus remaining in the fire district general fund at the end of the fiscal
14 year shall be credited to the fire district general fund of the district for
15 which it was collected for the succeeding fiscal year and after subtraction
16 of accounts payable and encumbrances, shall be used to reduce the property
17 tax levy in the following tax year.

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

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

30 ~~N~~. O. A fire district shall reconcile all balance sheet accounts for
31 accounts for each calendar month of the fiscal year within thirty days after
32 the end of that calendar month. The fire district board shall review the
33 reconciled balance sheet accounts monthly, except that for a fire district
34 that is governed by a three-member board, the board may review the reconciled
35 balance sheet accounts every two months.

36 ~~O~~. P. A fire district shall produce monthly financial reports to
37 include a register of checks, warrants and deposits, a statement of financial
38 activities and a statement of net assets for each calendar month. A fire
39 district shall produce a cash flow projection report for each fiscal year.
40 The cash flow projection report shall be updated monthly with the actual
41 revenues and expenditures from the preceding month. Each month, the fire
42 district board shall review the financial reports, the updated cash flow
43 projections report and all month-end fund statements and reports of the
44 preceding month to include those reports provided by the county treasurer and
45 each of the financial institutions in which the district maintains an

1 account, except that for a fire district that is governed by a three-member
2 board, the board may review the reports and statements prescribed by this
3 subsection every two months. Any financial report or cash flow projection
4 report that would indicate that the district is likely to violate section
5 48-805.02, subsection D, paragraph 1 or that would indicate an adverse impact
6 on the ongoing operations or liquidity of the district shall be reported by
7 the fire district board chairman in writing and delivered by certified mail
8 to the county treasurer and the county board of supervisors within ten days
9 after the discovery.

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

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

30 Sec. 5. County fire district budget override election; 2016 and
31 2017

32 Notwithstanding section 48-807, subsection G, Arizona Revised Statutes,
33 as amended by this act, the electors of a fire district voting at a regularly
34 scheduled general election held on the first Tuesday following the first
35 Monday in November in 2016 or 2017 as prescribed by section 16-204,
36 subsection F, Arizona Revised Statutes, may authorize a temporary budget
37 override for five consecutive tax years that allows annual levies that are
38 exempt from the statutory tax rate limit of three dollars twenty-five cents
39 but that are subject to a tax rate limit of not more than three dollars fifty
40 cents per one hundred dollars of assessed valuation. The election shall be
41 held as prescribed by section 48-807, Arizona Revised Statutes, as amended by
42 this act. After the fifth tax year, the fire district is again subject to
43 the limits prescribed by section 48-807, subsection F, Arizona Revised
44 Statutes, computed by multiplying the levy beginning in the year preceding
45 the override by 1.08 for each year through the current tax year.

1 Sec. 6. Retroactivity

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

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

6 Sec. 7. Emergency

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

APPROVED BY THE GOVERNOR MAY 12, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 12, 2016.