

State of Arizona  
Senate  
Fifty-third Legislature  
First Regular Session  
2017

**CHAPTER 181**  
**SENATE BILL 1316**

AN ACT

AMENDING SECTIONS 48-4002 AND 48-4022, ARIZONA REVISED STATUTES; AMENDING TITLE 48, CHAPTER 25, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 48-4024.01; AMENDING SECTION 48-4025, ARIZONA REVISED STATUTES; RELATING TO COUNTY JAIL DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 48-4002, Arizona Revised Statutes, is amended to  
3 read:

4 48-4002. Board of directors; administrative powers, duties  
5 and immunities

6 A. The county board of supervisors shall serve as the board of  
7 directors of the district. The directors are not eligible to receive  
8 compensation for their services as such but are eligible for reimbursement  
9 for their necessary expenses in attending district meetings and traveling  
10 in and out of state when necessary to carry on the affairs of the  
11 district.

12 B. A county jail district organized under this chapter is a  
13 tax-levying public improvement district for all purposes of article XIII,  
14 section 7, Constitution of Arizona, and has all the powers, privileges and  
15 immunities granted generally to municipal corporations by the constitution  
16 and laws of this state including immunity of its property, debts,  
17 obligations and interest from taxation.

18 C. The board of directors shall exercise all powers and duties in  
19 acquiring the properties of the district and in carrying out its functions  
20 under this chapter, and as otherwise provided by law, as are ordinarily  
21 exercised by the governing body of a municipal corporation.

22 D. A district organized under this article, acting through its  
23 board of directors and the sheriff, may:

24 1. Acquire by eminent domain, purchase, donation, dedication,  
25 exchange, lease, lease-purchase or other lawful means and mortgage and  
26 dispose of by sale, exchange or other lawful means real and personal  
27 property. Any lease-purchase agreement for property acquired under this  
28 paragraph shall require the final payment to be made within twenty-five  
29 years after the date the agreement is executed.

30 2. Acquire and maintain existing correctional facilities and  
31 juvenile detention facilities within the district for the benefit of the  
32 district if mutually agreeable to the owners of such facilities.

33 3. Enter into intergovernmental agreements with other public  
34 agencies pursuant to title 11, chapter 7, article 3 to carry out the  
35 objects and purposes of the district.

36 4. Sue and be sued, enter into contracts and generally do all  
37 things ~~which~~ THAT may be necessary to construct, acquire and maintain  
38 facilities, operate the district and perform its functions and ~~which~~ THAT  
39 are in the interests of the district.

40 5. Adopt such rules and bylaws for its orderly operation as it sees  
41 fit.

42 6. Apply for, obtain and expend financial assistance from this  
43 state and from any other available source and comply with the terms and  
44 conditions of the assistance, including repayment of loans.

1           7. Pledge all or part of the net revenues from county maintenance  
2 of effort payments under section 48-4024 OR 48-4024.01 or from an excise  
3 tax levied under section 48-4022, or revenues from both sources, to make  
4 payments under a lease-purchase agreement.

5           E. The board shall keep a proper written record of all of its  
6 proceedings, which shall be open to public inspection.

7           F. Except as provided in sections 8-306 and 48-4005, the county  
8 sheriff shall exercise all powers and duties in operating and managing the  
9 properties of the district under this chapter and as otherwise provided by  
10 law, the county treasurer shall serve as the district treasurer and the  
11 county attorney shall serve as the attorney for the district. The sheriff  
12 may employ other employees the sheriff considers desirable and necessary  
13 to carry out the purposes of the district. Any other work required by the  
14 district may be performed by regular employees of the county on assignment  
15 by the county board of supervisors, except that regular county employees  
16 shall not undertake construction projects with an estimated cost of five  
17 thousand dollars or more.

18           G. The accounts, funds and monies of the district shall be  
19 maintained separate from county accounts, funds and monies and are subject  
20 to annual and other audits as provided by law.

21           Sec. 2. Section 48-4022, Arizona Revised Statutes, is amended to  
22 read:

23           48-4022. Excise tax

24           A. The board of directors of a district in a county having a  
25 population of less than one million five hundred thousand persons  
26 according to the most recent United States decennial or special census may  
27 by resolution order the approval of a district excise tax to be placed on  
28 the ballot of an election pursuant to section 48-4021. If a majority of  
29 the qualified electors voting at the election approves the county jail  
30 district excise tax, the board of directors may by resolution levy, and if  
31 levied, the department of revenue shall collect, a tax beginning January 1  
32 or July 1, whichever date first occurs at least three months after the  
33 district resolution approving the tax levy. The tax rate shall be a  
34 percentage of the excise tax rate prescribed by section 42-5010,  
35 subsection A applying to each person engaging or continuing in the  
36 district in a business taxed under title 42, chapter 5, article 1 and  
37 section 42-5352, subsection A, ~~not to exceed~~ DETERMINED AS FOLLOWS:

38           1. ~~Ten per cent of each rate prescribed by section 42-5010,~~  
39 ~~subsection A and section 42-5352, subsection A,~~ In counties having a  
40 population of five hundred thousand persons or less:

41           (a) TO WHICH SECTION 48-4024 APPLIES, NOT TO EXCEED TEN PERCENT OF  
42 EACH RATE PRESCRIBED BY SECTION 42-5010, SUBSECTION A AND SECTION 42-5352,  
43 SUBSECTION A.

1 (b) TO WHICH SECTION 48-4024.01 APPLIES, NOT TO EXCEED 6.6 PERCENT  
2 OF EACH RATE PRESCRIBED BY SECTION 42-5010, SUBSECTION A AND SECTION  
3 42-5352, SUBSECTION A.

4 2. Five ~~per cent~~ PERCENT of each rate prescribed by section  
5 42-5010, subsection A and section 42-5352, subsection A, in counties  
6 having a population of more than five hundred thousand persons but less  
7 than one million five hundred thousand persons.

8 B. If a district levies an excise tax under subsection A of this  
9 section, the board of directors, by resolution, may also levy, and if  
10 levied, the department of revenue shall collect, a use tax on each retail  
11 electric or natural gas customer using or consuming electricity or natural  
12 gas in the district and subject to use tax pursuant to section 42-5155.  
13 The use tax levied pursuant to this subsection shall be applied as a  
14 percentage of the use tax rate imposed by title 42, chapter 5, article 4  
15 equal to the percentage determined under subsection A, paragraph 1 or 2 of  
16 this section, as applicable.

17 C. The tax applies in both incorporated and unincorporated areas of  
18 the county.

19 D. At the end of each month the state treasurer shall transmit the  
20 net revenues collected pursuant to this section to the district treasurer  
21 who shall deposit the revenues in the county jail district general fund.

22 E. Unless the context otherwise requires:

23 1. Section 42-6102 governs the administration of the tax imposed  
24 pursuant to subsection A of this section.

25 2. Title 42, chapter 5, article 4 governs the administration of the  
26 use tax imposed pursuant to subsection B of this section.

27 Sec. 3. Title 48, chapter 25, article 2, Arizona Revised Statutes,  
28 is amended by adding section 48-4024.01, to read:

29 48-4024.01. County alternative maintenance of effort

30 A. A COUNTY HAVING A POPULATION OF FIVE HUNDRED THOUSAND PERSONS OR  
31 LESS, IN CIRCUMSTANCES DESCRIBED IN SUBSECTION D OF THIS SECTION AND IN  
32 WHICH A COUNTY JAIL DISTRICT IS ESTABLISHED SHALL MAINTAIN ITS SUPPORT OF  
33 CORRECTIONS FACILITIES AND SERVICES OPERATED, MAINTAINED AND PERFORMED BY  
34 THE DISTRICT AS PROVIDED BY THIS SECTION IN LIEU OF SECTION 48-4024. IF  
35 THE DISTRICT INCLUDES JUVENILE DETENTION FACILITIES AND SERVICES, THE  
36 COUNTY SHALL ALSO MAINTAIN ITS SUPPORT OF THE JUVENILE DETENTION  
37 FACILITIES AND SERVICES OPERATED, MAINTAINED AND PERFORMED BY THE  
38 DISTRICT. EACH FISCAL YEAR THE COUNTY SHALL PAY THE AMOUNT DETERMINED  
39 UNDER SUBSECTION B OF THIS SECTION TO THE DISTRICT TREASURER IN TWELVE  
40 EQUAL MONTHLY INSTALLMENTS FOR DEPOSIT IN THE COUNTY JAIL DISTRICT GENERAL  
41 FUND. SECTION 48-4024 DOES NOT APPLY TO COUNTIES THAT MAKE PAYMENTS UNDER  
42 THIS SECTION.

43 B. THE AUDITOR GENERAL SHALL DETERMINE THE AMOUNT EXPENDED BY THE  
44 COUNTY FOR MAINTENANCE AND OPERATION OF CORRECTIONAL FACILITIES AND  
45 PROGRAMS IN THE FISCAL YEAR IMMEDIATELY PRECEDING THE FIRST FISCAL YEAR IN

1 WHICH A COUNTY JAIL DISTRICT TAX LEVY IS EFFECTIVE UNDER THIS ARTICLE. IF  
2 THE DISTRICT INCLUDES JUVENILE DETENTION FACILITIES AND SERVICES, THE  
3 AUDITOR GENERAL SHALL DETERMINE THE AMOUNT SPENT BY THE COUNTY FOR  
4 MAINTENANCE AND OPERATION OF JUVENILE DETENTION FACILITIES AND SERVICES IN  
5 THE FISCAL YEAR IMMEDIATELY PRECEDING THE FIRST FISCAL YEAR IN WHICH THE  
6 EXPENDITURES FOR JUVENILE DETENTION FACILITIES AND SERVICES ARE  
7 TRANSFERRED TO THE DISTRICT. TWENTY-FIVE PERCENT OF THIS TOTAL AMOUNT IS  
8 THE BASE EXPENDITURE. ANY OUTSTANDING DEBT DUE FROM A CITY, THIS STATE OR  
9 THE UNITED STATES FOR THE COUNTY HOUSING PRISONERS PURSUANT TO SECTION  
10 31-121 SHALL BE EXCLUDED FROM THE BASE EXPENDITURE CALCULATION. AS PART  
11 OF THE ANNUAL COUNTY AUDIT THE AUDITOR GENERAL SHALL DETERMINE THE AMOUNT  
12 TO BE PAID BY THE COUNTY TO THE DISTRICT TREASURER FOR THE FISCAL YEAR BY  
13 ADJUSTING THE AMOUNT THE COUNTY PAID TO THE DISTRICT TREASURER IN THE  
14 PRECEDING FISCAL YEAR, OR THE BASE EXPENDITURE, BY THE LESSER OF THE  
15 PERCENTAGE CHANGE IN THE COUNTY'S PRIMARY PROPERTY TAX LEVY LIMITATION  
16 FROM THE PRECEDING YEAR PURSUANT TO SECTION 42-17051 OR THE ANNUAL CHANGE  
17 IN THE GDP PRICE DEFLATOR, AS DEFINED IN SECTION 41-563.

18 C. NOTWITHSTANDING SUBSECTIONS A AND B OF THIS SECTION, THE  
19 DISTRICT MAY REIMBURSE THE COUNTY FOR THE ACTUAL COST OF INDIRECT OR  
20 COLLATERAL SERVICES PROVIDED TO THE DISTRICT BY THE COUNTY, INCLUDING  
21 SERVICES RELATING TO HUMAN RESOURCES, INFORMATION SYSTEMS, PURCHASING,  
22 BUDGET AND FINANCE AND THE OFFICES OF THE COUNTY MANAGER, THE COUNTY  
23 TREASURER, THE COUNTY RECORDER AND THE COUNTY ATTORNEY. THE DISTRICT MAY  
24 CHOOSE TO PERFORM FOR ITSELF ANY OF THE SERVICES PROVIDED BY THE COUNTY  
25 INSTEAD OF RECEIVING SERVICES FROM THE COUNTY EXCEPT FOR ELECTION AND  
26 FINANCIAL SERVICES AND THOSE OTHER SERVICES THAT THE COUNTY IS REQUIRED BY  
27 LAW TO PROVIDE TO THE DISTRICT.

28 D. FOR ANY COUNTY WITH A NEGATIVE NET NEW ASSESSED VALUATION IN ANY  
29 ONE YEAR THAT OCCURS AFTER 2015 AND THAT IS WITHIN THE THREE-YEAR PERIOD  
30 IMMEDIATELY PRECEDING THE IMPOSITION OF A COMMUNITY CORRECTIONS TAX LEVIED  
31 PURSUANT TO THIS CHAPTER, THIS SECTION APPLIES FOR THE DURATION OF THE TAX  
32 AND THE COUNTY IS EXEMPT FROM SECTION 48-4024.

33 Sec. 4. Section 48-4025, Arizona Revised Statutes, is amended to  
34 read:

35 48-4025. County jail district general fund: annual audit

36 A. The board of directors shall establish and administer a county  
37 jail district general fund consisting of revenues from approved taxes  
38 under this article, county maintenance of effort payments under section  
39 48-4024 OR 48-4024.01 and any other available revenues for that purpose  
40 from federal, state, local and private sources.

41 B. The board of directors shall separately account for monies  
42 received as county maintenance of effort payments and may expend other  
43 monies in the fund only after the expenditure of all county maintenance of  
44 effort monies currently deposited in the fund.

- 1           C. The board of directors shall retain any monies remaining  
2 unexpended or unencumbered in the fund at the end of the fiscal year and  
3 may allocate these monies as necessary to:
- 4           1. Reduce the county primary property tax levy.
  - 5           2. Reduce the subsequent year's levy for the district.
  - 6           3. Reduce the district's debt.
  - 7           4. Be held as reserves for years in which district revenues are  
8 insufficient to meet district expenditures.
  - 9           5. Offset future district construction and maintenance costs.
- 10          D. The board of directors shall cause an audit to be made of the  
11 fund either by a certified public accountant within ninety days after the  
12 close of each fiscal year or in conjunction with the annual county audit  
13 pursuant to section 41-1279.21. The board shall immediately file a  
14 certified copy of the audit with the auditor general. The auditor general  
15 may make such further audits of the fund as necessary and take appropriate  
16 action relating to the audit pursuant to title 41, chapter 7,  
17 article 10.1. If the auditor general takes no official action within  
18 thirty days after the audit is filed, the audit is deemed sufficient. The  
19 board of directors shall pay the costs of the certified public accountant  
20 and the auditor general under this section from the fund.
- 21          E. Any jail district formed after January 1, 2000 shall only  
22 allocate monies based on subsection C, paragraphs 2 through 5 of this  
23 section.

APPROVED BY THE GOVERNOR APRIL 21, 2017.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 21, 2017.