AN ACT

AMENDING TITLE 9, CHAPTER 4, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 9-500.48; AMENDING TITLE 41, CHAPTER 12, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-1734; AMENDING SECTIONS 42-5029 AND 43-206, ARIZONA REVISED STATUTES; RELATING TO LAW ENFORCEMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 9, chapter 4, article 8, Arizona Revised Statutes, is amended by adding section 9-500.48, to read:

9-500.48. Law enforcement; budget decrease; prohibition; applicability; definitions

A. A city or town may not reduce the annual operating budget for a law enforcement agency by any amount below the previous year's budget.

B. If a city or town reduces the annual operating budget for a law enforcement agency, the city or town shall notify the state treasurer of the reduction. The state treasurer shall then withhold any state shared monies from the city or town in an amount equal to the amount of the reduction of the annual operating budget for the law enforcement agency pursuant to section 42-5029, subsection M and section 43-206, subsection G. If a city or town reduces the annual operating budget for a law enforcement agency by more than twenty-five percent, the city or town shall notify the state treasurer and the state treasurer shall withhold state shared monies in an amount equal to the law enforcement agency's entire budget for the previous year pursuant to section 42-5029, subsection M and section 43-206, subsection G. The state treasurer shall continue to withhold state shared monies until notification from the city or town that the reduction in the law enforcement agency's budget has been restored.

C. The state treasurer shall deposit, pursuant to sections 35-146 and 35-147, any amount withheld pursuant to subsection B of this section in the law enforcement support fund established by section 41-1734.

D. The requirements of this section do not apply if the city or town does not have the monies required to continue the annual operating budget for a law enforcement agency at the same amount as the previous year or if the decrease in the annual operating budget is an offset to an expenditure for a law enforcement agency or an adjustment for health care, pension or other employee-related expenses from the previous year's annual operating budget.

E. If a peace officer can demonstrate that the peace officer's employment was terminated as a result of a decrease in the annual operating budget for the law enforcement agency, the sheriff's department of the county in which the peace officer's position was terminated may offer employment to that officer. If the county sheriff's department does not make an offer of employment to the peace officer, the department of public safety shall make an offer of employment to the peace officer.

F. If a city or town reduces a law enforcement agency's budget by more than twenty-five percent, the city or town shall notify the sheriff of the county in which the city or town is located and that sheriff may assume law enforcement functions for that city or town. Notwithstanding subsection C of this section, if the county sheriff assumes law enforcement functions, the city or town shall notify the state

G. FOR THE PURPOSES OF THIS SECTION:
1. "LAW ENFORCEMENT AGENCY" MEANS A MUNICIPAL POLICE DEPARTMENT.
2. "PEACE OFFICER" MEANS A MARSHAL, A POLICE OFFICER OR ANY OTHER CITY OR TOWN OFFICER VESTED BY LAW WITH A DUTY TO MAINTAIN PUBLIC ORDER AND MAKE ARRESTS.

Sec. 2. Title 41, chapter 12, article 2, Arizona Revised Statutes, is amended by adding section 41-1734, to read:

41-1734. Law enforcement support fund

THE LAW ENFORCEMENT SUPPORT FUND IS ESTABLISHED CONSISTING OF MONIES WITHHELD AND DEPOSITED BY THE STATE TREASURER PURSUANT TO SECTION 9-500.48. MONIES IN THE FUND SHALL BE USED TO PROVIDE FOR GRANTS TO A COUNTY SHERIFF WHO HIRES A PEACE OFFICER PURSUANT TO SECTION 9-500.48, SUBSECTION E AND PERSONNEL, EQUIPMENT AND COSTS ASSOCIATED WITH HIGHWAY PATROL OFFICERS. THE DEPARTMENT SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED. ON NOTICE FROM THE DEPARTMENT, THE STATE TREASURER SHALL INVEST AND DIVEST MONIES IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED FROM INVESTMENTS SHALL BE CREDITED TO THE FUND.

Sec. 3. Section 42-5029, Arizona Revised Statutes, is amended to read:

42-5029. Remission and distribution of monies; withholding; definitions

A. The department shall deposit, pursuant to sections 35-146 and 35-147, all revenues collected under this article and articles 4, 5 and 8 of this chapter pursuant to section 42-1116, separately accounting for:
1. Payments of estimated tax under section 42-5014, subsection D.
2. Revenues collected pursuant to section 42-5070.
3. Revenues collected under this article and article 5 of this chapter from and after June 30, 2000 from sources located on Indian reservations in this state.
4. Revenues collected pursuant to section 42-5010, subsection G and section 42-5155, subsection D.
5. Revenues collected pursuant to section 42-5010.01 and section 42-5155, subsection E.

B. The department shall credit payments of estimated tax to an estimated tax clearing account and each month shall transfer all monies in
the estimated tax clearing account to a fund designated as the transaction
privilege and severance tax clearing account. The department shall credit
all other payments to the transaction privilege and severance tax clearing
account, separately accounting for the monies designated as distribution
base under sections 42-5010, 42-5164 and 42-5205. Each month the
department shall report to the state treasurer the amount of monies
collected pursuant to this article and articles 4, 5 and 8 of this
chapter.

C. On notification by the department, the state treasurer shall
distribute the monies deposited in the transaction privilege and severance
tax clearing account in the manner prescribed by this section and by
sections 42-5164 and 42-5205, after deducting warrants drawn against the
account pursuant to sections 42-1118 and 42-1254.

D. Of the monies designated as distribution base, and subject to
the requirements of section 42-5041, the department shall:

1. Pay twenty-five percent to the various incorporated
municipalities in this state in proportion to their population to be used
by the municipalities for any municipal purpose.

2. Pay 38.08 percent to the counties in this state by averaging the
following proportions:
   (a) The proportion that the population of each county bears to the
total state population.
   (b) The proportion that the distribution base monies collected
during the calendar month in each county under this article, section
42-5164, subsection B and section 42-5205, subsection B bear to the total
distribution base monies collected under this article, section 42-5164,
subsection B and section 42-5205, subsection B throughout the state for
the calendar month.

3. Pay an additional 2.43 percent to the counties in this state as
follows:
   (a) Average the following proportions:
      (i) The proportion that the assessed valuation used to determine
secondary property taxes of each county, after deducting that part of the
assessed valuation that is exempt from taxation at the beginning of the
month for which the amount is to be paid, bears to the total assessed
valuations used to determine secondary property taxes of all the counties
after deducting that portion of the assessed valuations that is exempt
from taxation at the beginning of the month for which the amount is to be
paid. Property of a city or town that is not within or contiguous to the
municipal corporate boundaries and from which water is or may be withdrawn
or diverted and transported for use on other property is considered to be
taxable property in the county for purposes of determining assessed
valuation in the county under this item.
      (ii) The proportion that the distribution base monies collected
during the calendar month in each county under this article, section
42-5164, subsection B and section 42-5205, subsection B bear to the total
distribution base monies collected under this article, section 42-5164,
subsection B and section 42-5205, subsection B throughout the state for
the calendar month.

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

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

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

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

(c) The firearms safety and ranges fund established by section
17-273, fifty thousand dollars \$50,000 derived from the taxes collected
from the retail classification pursuant to section 42-5061 for the current
fiscal year.

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

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

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

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

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

5. After transferring monies pursuant to paragraphs 1, 2 and 3 of this subsection, one-twelfth of the following amounts shall be transferred each month to the department of education for the increased cost of basic state aid under section 15-971 due to added school days and associated teacher salary increases enacted in 2000:
   (a) In fiscal year 2001-2002, $15,305,900.
   (b) In fiscal year 2002-2003, $31,530,100.
   (c) In fiscal year 2003-2004, $48,727,700.
   (d) In fiscal year 2004-2005, $66,957,200.
   (e) In fiscal year 2005-2006 and each fiscal year thereafter, $86,280,500.

6. After transferring monies pursuant to paragraphs 1, 2 and 3 of this subsection, seven million eight hundred thousand dollars is appropriated each fiscal year, to be paid in monthly installments, to the department of education to be used for school safety as provided in section 15-154 and two hundred thousand dollars is appropriated each fiscal year, to be paid in monthly installments to the department of education to be used for the character education matching grant program as provided in section 15-154.01.
7. After transferring monies pursuant to paragraphs 1, 2 and 3 of this subsection, no more than seven million dollars may be appropriated by the legislature each fiscal year to the department of education to be used for accountability purposes as described in section 15-241 and title 15, chapter 9, article 8.

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

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

10. After the payment of monies pursuant to paragraphs 1 through 9 of this subsection, the remaining monies collected during the preceding month shall be transferred to the classroom site fund established by section 15-977. The monies shall be allocated as follows in the manner prescribed by section 15-977:
   (a) Forty per cent shall be allocated for teacher compensation based on performance.
   (b) Twenty per cent shall be allocated for increases in teacher base compensation and employee related expenses.
   (c) Forty per cent shall be allocated for maintenance and operation purposes.

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

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

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

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

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

K. On notice from the auditor general pursuant to section 9-626, 
subsection D, the state treasurer shall withhold from the distribution of 
monies pursuant to this section to the affected city the amount computed 
pursuant to section 9-626, subsection D. The state treasurer shall 
continue to withhold monies pursuant to this subsection until the entire 
amount specified in the notice has been withheld. The state treasurer 
shall credit any monies withheld pursuant to this subsection to the state 
general fund as provided by subsection D, paragraph 4 of this section.
L. Except as otherwise provided by this subsection, on notice from the attorney general pursuant to section 41-194.01, subsection B, paragraph 1 that an ordinance, regulation, order or other official action adopted or taken by the governing body of a county, city or town violates state law or the Constitution of Arizona, the state treasurer shall withhold the distribution of monies pursuant to this section to the affected county, city or town and shall continue to withhold monies pursuant to this subsection until the attorney general certifies to the state treasurer that the violation has been resolved. The state treasurer shall redistribute the monies withheld pursuant to this subsection among all other counties, cities and towns in proportion to their population as provided by subsection D of this section. The state treasurer shall not withhold any amount that the county, city or town certifies to the attorney general and the state treasurer as being necessary to make any required deposits or payments for debt service on bonds or other long-term obligations of the county, city or town that were issued or incurred before committing the violation.

M. EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION, ON NOTICE FROM THE GOVERNING BODY OF A CITY OR TOWN THAT AN OFFICIAL ACTION ADOPTED OR TAKEN BY THE GOVERNING BODY OF THE CITY OR TOWN REDUCES A LAW ENFORCEMENT AGENCY'S BUDGET BY LESS THAN TWENTY-FIVE PERCENT FROM THE PREVIOUS YEAR'S BUDGET PURSUANT TO SECTION 9-500.48, THE STATE TREASURER SHALL WITHHOLD THE DISTRIBUTION OF MONIES PURSUANT TO THIS SECTION IN AN AMOUNT EQUAL TO THE REDUCTION TO THE LAW ENFORCEMENT AGENCY'S BUDGET TO THE AFFECTED CITY OR TOWN AND SHALL CONTINUE TO WITHHOLD MONIES PURSUANT TO THIS SUBSECTION UNTIL NOTIFICATION BY THE GOVERNING BODY OF THE CITY OR TOWN THAT THE REDUCTION HAS BEEN RESTORED. THE STATE TREASURER SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, THE MONIES WITHHELD PURSUANT TO THIS SUBSECTION IN THE LAW ENFORCEMENT SUPPORT FUND ESTABLISHED BY SECTION 41-1734. IF THE GOVERNING BODY OF A CITY OR TOWN REDUCES A LAW ENFORCEMENT AGENCY'S BUDGET BY MORE THAN TWENTY-FIVE PERCENT FROM THE PREVIOUS YEAR'S BUDGET, THE STATE TREASURER SHALL WITHHOLD THE DISTRIBUTION OF ALL MONIES PURSUANT TO THIS SECTION TO THE AFFECTED CITY OR TOWN AND SHALL CONTINUE TO WITHHOLD MONIES PURSUANT TO THIS SUBSECTION UNTIL NOTIFICATION BY THE GOVERNING BODY OF THE CITY OR TOWN THAT THE REDUCTION HAS BEEN RESTORED. IF THE COUNTY SHERIFF'S DEPARTMENT OR THE DEPARTMENT OF PUBLIC SAFETY ASSUMES LAW ENFORCEMENT FUNCTIONS PURSUANT TO SECTION 9-500.48, SUBSECTION F, THE STATE TREASURER SHALL TRANSFER ALL WITHHELD MONIES TO THE AGENCY THAT ASSUMES LAW ENFORCEMENT FUNCTIONS IN THE AFFECTED COUNTY, CITY OR TOWN. THE STATE TREASURER SHALL NOT WITHHOLD ANY AMOUNT THAT THE CITY OR TOWN CERTIFIES AS BEING NECESSARY TO MAKE ANY REQUIRED DEPOSITS OR PAYMENTS FOR DEBT SERVICE ON BONDS OR OTHER LONG-TERM OBLIGATIONS OF THE CITY OR TOWN THAT WERE ISSUED OR INCURRED BEFORE THE REDUCTION IN THE LAW ENFORCEMENT AGENCY'S BUDGET. THIS SUBSECTION DOES
NOT APPLY TO A REDUCTION IN BUDGET PURSUANT TO SECTION 9-500.48.

SUBSECTION D.

M. N. For the purposes of this section: —

1. "Community college district" means a community college district that is established pursuant to sections 15-1402 and 15-1403 and that is a political subdivision of this state and, unless otherwise specified, includes a community college tuition financing district established pursuant to section 15-1409.

2. "LAW ENFORCEMENT AGENCY" MEANS A MUNICIPAL POLICE DEPARTMENT.

Sec. 4. Section 43-206, Arizona Revised Statutes, is amended to read:

43-206. Urban revenue sharing fund; allocation; distribution; withholding; definition

A. The urban revenue sharing fund is established. The fund shall consist of an amount equal to fifteen percent of the net proceeds of the state income taxes for the fiscal year two years preceding the current fiscal year. The fund shall be distributed to incorporated cities and towns as provided in this section, except that a city or town shall receive at least an amount equal to what a city or town with a population of fifteen hundred or more persons would receive. The transfer of net proceeds prescribed by section 49-282, subsection B does not affect the calculation of net proceeds prescribed by this subsection.

B. Each city or town shall share in the urban revenue sharing fund in the proportion that the population of each bears to the population of all. Except as provided by sections 42-5033 and 42-5033.01, the population of a city or town as determined by the most recent United States decennial census plus any revisions to the decennial census certified by the United States bureau of the census shall be used as the basis for apportioning monies pursuant to this subsection.

C. The treasurer, on instruction from the department, shall transmit, no NOT later than the tenth day of each month, to each city or town an amount equal to one-twelfth of that city's or town's total entitlement for the current fiscal year from the urban revenue sharing fund as determined by the department.

D. A newly incorporated city or town shall share in the urban revenue sharing fund beginning the first month of the first full fiscal year following incorporation.

E. On receipt of a certificate of default from the greater Arizona development authority pursuant to section 41-2257 or 41-2258, the state treasurer, to the extent not otherwise expressly prohibited by law, shall withhold from the next succeeding distribution of monies pursuant to this section due to the city or town the amount specified in the certificate of default and immediately deposit the amount withheld in the greater Arizona development authority revolving fund. The state treasurer shall continue to withhold and deposit the monies until the authority certifies to the
state treasurer that the default has been cured. In no event shall the
state treasurer withhold any amount that is necessary, as certified by the
defaulting political subdivision to the state treasurer and the authority,
to make any required deposits then due for the payment of principal and
interest on bonds of the political subdivision that were issued prior to
the date of the loan repayment agreement or bonds and that have been
secured by a pledge of distributions made pursuant to this section.

F. Except as otherwise provided by this subsection, on notice from
the attorney general pursuant to section 41-194.01, subsection B,
paragraph 1 that an ordinance, regulation, order or other official action
adopted or taken by the governing body of a city or town violates state
law or the Constitution of Arizona, the state treasurer shall withhold the
distribution of monies pursuant to this section to the affected city or
town and shall continue to withhold monies pursuant to this subsection
until the attorney general certifies to the state treasurer that the
violation has been resolved. The state treasurer shall redistribute the
monies withheld pursuant to this subsection among all other cities and
towns in proportion to their population as provided by subsection B of
this section. The state treasurer shall not withhold any amount that the
city or town certifies to the attorney general and the state treasurer as
being necessary to make any required deposits or payments for debt service
on bonds or other long-term obligations of the city or town that were
issued or incurred before committing the violation.

G. EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION, ON NOTICE FROM
THE GOVERNING BODY OF A CITY OR TOWN THAT AN OFFICIAL ACTION ADOPTED OR
TAKEN BY THE GOVERNING BODY OF A CITY OR TOWN REDUCES A LAW ENFORCEMENT
AGENCY’S BUDGET BY LESS THAN TWENTY-FIVE PERCENT FROM THE PREVIOUS YEAR’S
BUDGET PURSUANT TO SECTION 9-500.48, THE STATE TREASURER SHALL WITHHOLD
THE DISTRIBUTION OF MONIES PURSUANT TO THIS SECTION IN AN AMOUNT EQUAL TO
THE REDUCTION TO THE LAW ENFORCEMENT AGENCY’S BUDGET TO THE AFFECTED CITY
OR TOWN AND SHALL CONTINUE TO WITHHOLD MONIES PURSUANT TO THIS SUBSECTION
UNTIL NOTIFICATION BY THE GOVERNING BODY OF THE CITY OR TOWN THAT THE
REDUCTION HAS BEEN RESTORED. THE STATE TREASURER SHALL DEPOSIT, PURSUANT
TO SECTIONS 35-146 AND 35-147, THE MONIES WITHHELD PURSUANT TO THIS
SUBSECTION IN THE LAW ENFORCEMENT SUPPORT FUND ESTABLISHED BY SECTION
41-1734. IF THE GOVERNING BODY OF A CITY OR TOWN REDUCES A LAW
ENFORCEMENT AGENCY’S BUDGET BY MORE THAN TWENTY-FIVE PERCENT FROM THE
PREVIOUS YEAR’S BUDGET, THE STATE TREASURER SHALL WITHHOLD THE
DISTRIBUTION OF ALL MONIES PURSUANT TO THIS SECTION TO THE AFFECTED CITY
OR TOWN AND SHALL CONTINUE TO WITHHOLD MONIES PURSUANT TO THIS SUBSECTION
UNTIL NOTIFICATION BY THE GOVERNING BODY OF THE CITY OR TOWN THAT THE
REDUCTION HAS BEEN RESTORED. IF THE COUNTY SHERIFF’S DEPARTMENT OR
DEPARTMENT OF PUBLIC SAFETY ASSUMES LAW ENFORCEMENT FUNCTIONS PURSUANT TO
SECTION 9-500.48, SUBSECTION F, THE STATE TREASURER SHALL TRANSFER ALL
WITHHELD MONIES TO THE AGENCY THAT ASSUMES LAW ENFORCEMENT FUNCTIONS IN
THE AFFECTED CITY OR TOWN. THE STATE TREASURER SHALL NOT WITHHOLD ANY AMOUNT THAT THE CITY OR TOWN CERTIFIES AS BEING NECESSARY TO MAKE ANY REQUIRED DEPOSITS OR PAYMENTS FOR DEBT SERVICE ON BONDS OR OTHER LONG-TERM OBLIGATIONS OF THE CITY OR TOWN THAT WERE ISSUED OR INCURRED BEFORE THE REDUCTION IN THE LAW ENFORCEMENT AGENCY'S BUDGET. THIS SUBSECTION DOES NOT APPLY TO A REDUCTION IN BUDGET PURSUANT TO SECTION 9-500.48, SUBSECTION D.

H. FOR THE PURPOSES OF THIS SECTION, "LAW ENFORCEMENT AGENCY" MEANS A MUNICIPAL POLICE DEPARTMENT.

Sec. 5. Retroactivity

This act applies retroactively to from and after December 31, 2020.