

REFERENCE TITLE: law enforcement; budget reduction; prohibition

State of Arizona
Senate
Fifty-fifth Legislature
First Regular Session
2021

SB 1333

Introduced by
Senator Gowan

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)

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

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

4 9-500.48. Law enforcement; budget decrease; prohibition;
5 applicability; definitions

6 A. A CITY OR TOWN MAY NOT REDUCE THE ANNUAL OPERATING BUDGET FOR A
7 LAW ENFORCEMENT AGENCY BY ANY AMOUNT BELOW THE PREVIOUS YEAR'S BUDGET.

8 B. IF A CITY OR TOWN REDUCES THE ANNUAL OPERATING BUDGET FOR A LAW
9 ENFORCEMENT AGENCY, THE CITY OR TOWN SHALL NOTIFY THE STATE TREASURER OF
10 THE REDUCTION. THE STATE TREASURER SHALL THEN WITHHOLD ANY STATE SHARED
11 MONIES FROM THE CITY OR TOWN IN AN AMOUNT EQUAL TO THE AMOUNT OF THE
12 REDUCTION OF THE ANNUAL OPERATING BUDGET FOR THE LAW ENFORCEMENT AGENCY
13 PURSUANT TO SECTION 42-5029, SUBSECTION M AND SECTION 43-206,
14 SUBSECTION G. IF A CITY OR TOWN REDUCES THE ANNUAL OPERATING BUDGET FOR A
15 LAW ENFORCEMENT AGENCY BY MORE THAN TWENTY-FIVE PERCENT, THE CITY OR TOWN
16 SHALL NOTIFY THE STATE TREASURER AND THE STATE TREASURER SHALL WITHHOLD
17 STATE SHARED MONIES IN AN AMOUNT EQUAL TO THE LAW ENFORCEMENT AGENCY'S
18 ENTIRE BUDGET FOR THE PREVIOUS YEAR PURSUANT TO SECTION 42-5029,
19 SUBSECTION M AND SECTION 43-206, SUBSECTION G. THE STATE TREASURER SHALL
20 CONTINUE TO WITHHOLD STATE SHARED MONIES UNTIL NOTIFICATION FROM THE CITY
21 OR TOWN THAT THE REDUCTION IN THE LAW ENFORCEMENT AGENCY'S BUDGET HAS BEEN
22 RESTORED.

23 C. THE STATE TREASURER SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146
24 AND 35-147, ANY AMOUNT WITHHELD PURSUANT TO SUBSECTION B OF THIS SECTION
25 IN THE LAW ENFORCEMENT SUPPORT FUND ESTABLISHED BY SECTION 41-1734.

26 D. THE REQUIREMENTS OF THIS SECTION DO NOT APPLY IF THE CITY OR
27 TOWN DOES NOT HAVE THE MONIES REQUIRED TO CONTINUE THE ANNUAL OPERATING
28 BUDGET FOR A LAW ENFORCEMENT AGENCY AT THE SAME AMOUNT AS THE PREVIOUS
29 YEAR OR IF THE DECREASE IN THE ANNUAL OPERATING BUDGET IS AN OFFSET TO AN
30 EXPENDITURE FOR A LAW ENFORCEMENT AGENCY OR AN ADJUSTMENT FOR HEALTH CARE,
31 PENSION OR OTHER EMPLOYEE-RELATED EXPENSES FROM THE PREVIOUS YEAR'S ANNUAL
32 OPERATING BUDGET.

33 E. IF A PEACE OFFICER CAN DEMONSTRATE THAT THE PEACE OFFICER'S
34 EMPLOYMENT WAS TERMINATED AS A RESULT OF A DECREASE IN THE ANNUAL
35 OPERATING BUDGET FOR THE LAW ENFORCEMENT AGENCY, THE SHERIFF'S DEPARTMENT
36 OF THE COUNTY IN WHICH THE PEACE OFFICER'S POSITION WAS TERMINATED MAY
37 OFFER EMPLOYMENT TO THAT OFFICER. IF THE COUNTY SHERIFF'S DEPARTMENT DOES
38 NOT MAKE AN OFFER OF EMPLOYMENT TO THE PEACE OFFICER, THE DEPARTMENT OF
39 PUBLIC SAFETY SHALL MAKE AN OFFER OF EMPLOYMENT TO THE PEACE OFFICER.

40 F. F. IF A CITY OR TOWN REDUCES A LAW ENFORCEMENT AGENCY'S BUDGET
41 BY MORE THAN TWENTY-FIVE PERCENT, THE CITY OR TOWN SHALL NOTIFY THE
42 SHERIFF OF THE COUNTY IN WHICH THE CITY OR TOWN IS LOCATED AND THAT
43 SHERIFF MAY ASSUME LAW ENFORCEMENT FUNCTIONS FOR THAT CITY OR
44 TOWN. NOTWITHSTANDING SUBSECTION C OF THIS SECTION, IF THE COUNTY SHERIFF
45 ASSUMES LAW ENFORCEMENT FUNCTIONS, THE CITY OR TOWN SHALL NOTIFY THE STATE

1 TREASURER AND THE STATE TREASURER SHALL PROVIDE ALL STATE SHARED MONIES
2 WITHHELD FROM THE CITY OR TOWN TO THE COUNTY SHERIFF'S DEPARTMENT. IF THE
3 COUNTY SHERIFF DOES NOT ASSUME LAW ENFORCEMENT FUNCTIONS, THE CITY OR TOWN
4 SHALL NOTIFY THE DEPARTMENT OF PUBLIC SAFETY AND THE DEPARTMENT OF PUBLIC
5 SAFETY SHALL ASSUME LAW ENFORCEMENT FUNCTIONS. NOTWITHSTANDING SUBSECTION
6 C OF THIS SECTION, IF THE DEPARTMENT OF PUBLIC SAFETY ASSUMES LAW
7 ENFORCEMENT FUNCTIONS, THE CITY OR TOWN SHALL NOTIFY THE STATE TREASURER
8 AND THE STATE TREASURER SHALL PROVIDE ALL STATE SHARED MONIES WITHHELD
9 FROM THE CITY OR TOWN TO THE DEPARTMENT OF PUBLIC SAFETY.

10 G. FOR THE PURPOSES OF THIS SECTION:

11 1. "LAW ENFORCEMENT AGENCY" MEANS A MUNICIPAL POLICE DEPARTMENT.

12 2. "PEACE OFFICER" MEANS A MARSHAL, A POLICE OFFICER OR ANY OTHER
13 CITY OR TOWN OFFICER VESTED BY LAW WITH A DUTY TO MAINTAIN PUBLIC ORDER
14 AND MAKE ARRESTS.

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

17 41-1734. Law enforcement support fund

18 THE LAW ENFORCEMENT SUPPORT FUND IS ESTABLISHED CONSISTING OF MONIES
19 WITHHELD AND DEPOSITED BY THE STATE TREASURER PURSUANT TO SECTION
20 9-500.48. MONIES IN THE FUND SHALL BE USED TO PROVIDE FOR GRANTS TO A
21 COUNTY SHERIFF WHO HIRES A PEACE OFFICER PURSUANT TO SECTION 9-500.48,
22 SUBSECTION E AND PERSONNEL, EQUIPMENT AND COSTS ASSOCIATED WITH HIGHWAY
23 PATROL OFFICERS. THE DEPARTMENT SHALL ADMINISTER THE FUND. MONIES IN THE
24 FUND ARE CONTINUOUSLY APPROPRIATED. ON NOTICE FROM THE DEPARTMENT, THE
25 STATE TREASURER SHALL INVEST AND DIVEST MONIES IN THE FUND AS PROVIDED BY
26 SECTION 35-313, AND MONIES EARNED FROM INVESTMENTS SHALL BE CREDITED TO
27 THE FUND.

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

30 42-5029. Remission and distribution of monies; withholding;
31 definitions

32 A. The department shall deposit, pursuant to sections 35-146 and
33 35-147, all revenues collected under this article and articles 4, 5 and 8
34 of this chapter pursuant to section 42-1116, separately accounting for:

35 1. Payments of estimated tax under section 42-5014, subsection D.

36 2. Revenues collected pursuant to section 42-5070.

37 3. Revenues collected under this article and article 5 of this
38 chapter from and after June 30, 2000 from sources located on Indian
39 reservations in this state.

40 4. Revenues collected pursuant to section 42-5010, subsection G and
41 section 42-5155, subsection D.

42 5. Revenues collected pursuant to section 42-5010.01 and section
43 42-5155, subsection E.

44 B. The department shall credit payments of estimated tax to an
45 estimated tax clearing account and each month shall transfer all monies in

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

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

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

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

19 2. Pay 38.08 percent to the counties in this state by averaging the
20 following proportions:

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

23 (b) The proportion that the distribution base monies collected
24 during the calendar month in each county under this article, section
25 42-5164, subsection B and section 42-5205, subsection B bear to the total
26 distribution base monies collected under this article, section 42-5164,
27 subsection B and section 42-5205, subsection B throughout the state for
28 the calendar month.

29 3. Pay an additional 2.43 percent to the counties in this state as
30 follows:

31 (a) Average the following proportions:

32 (i) The proportion that the assessed valuation used to determine
33 secondary property taxes of each county, after deducting that part of the
34 assessed valuation that is exempt from taxation at the beginning of the
35 month for which the amount is to be paid, bears to the total assessed
36 valuations used to determine secondary property taxes of all the counties
37 after deducting that portion of the assessed valuations that is exempt
38 from taxation at the beginning of the month for which the amount is to be
39 paid. Property of a city or town that is not within or contiguous to the
40 municipal corporate boundaries and from which water is or may be withdrawn
41 or diverted and transported for use on other property is considered to be
42 taxable property in the county for purposes of determining assessed
43 valuation in the county under this item.

44 (ii) The proportion that the distribution base monies collected
45 during the calendar month in each county under this article, section

1 42-5164, subsection B and section 42-5205, subsection B bear to the total
2 distribution base monies collected under this article, section 42-5164,
3 subsection B and section 42-5205, subsection B throughout the state for
4 the calendar month.

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

16 4. After any distributions required by sections 42-5030,
17 42-5030.01, 42-5031, 42-5032, 42-5032.01 and 42-5032.02, and after making
18 any transfer to the water quality assurance revolving fund as required by
19 section 49-282, subsection B, credit the remainder of the monies
20 designated as distribution base to the state general fund. From this
21 amount the legislature shall annually appropriate to:

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

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

26 (c) The firearms safety and ranges fund established by section
27 17-273, ~~fifty thousand dollars~~ \$50,000 derived from the taxes collected
28 from the retail classification pursuant to section 42-5061 for the current
29 fiscal year.

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

39 1. If there are outstanding state school facilities revenue bonds
40 pursuant to title 15, chapter 16, article 7, each month one-twelfth of the
41 amount that is necessary to pay the fiscal year's debt service on
42 outstanding state school improvement revenue bonds for the current fiscal
43 year shall be transferred each month to the school improvement revenue
44 bond debt service fund established by section 15-2084. The total amount
45 of bonds for which these monies may be allocated for the payment of debt

1 service shall not exceed a principal amount of eight hundred million
2 dollars exclusive of refunding bonds and other refinancing obligations.

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

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

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

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

32 (a) In fiscal year 2001-2002, \$15,305,900.

33 (b) In fiscal year 2002-2003, \$31,530,100.

34 (c) In fiscal year 2003-2004, \$48,727,700.

35 (d) In fiscal year 2004-2005, \$66,957,200.

36 (e) In fiscal year 2005-2006 and each fiscal year thereafter,
37 \$86,280,500.

38 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of
39 this subsection, seven million eight hundred thousand dollars is
40 appropriated each fiscal year, to be paid in monthly installments, to the
41 department of education to be used for school safety as provided in
42 section 15-154 and two hundred thousand dollars is appropriated each
43 fiscal year, to be paid in monthly installments to the department of
44 education to be used for the character education matching grant program as
45 provided in section 15-154.01.

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

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

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

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

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

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

23 (c) Forty per cent shall be allocated for maintenance and operation
24 purposes.

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

28 G. Notwithstanding subsection D of this section, if a court of
29 competent jurisdiction finally determines that tax monies distributed
30 under this section were illegally collected under this article or articles
31 5 and 8 of this chapter and orders the monies to be refunded to the
32 taxpayer, the department shall compute the amount of such monies that was
33 distributed to each city, town and county under this section. Each
34 city's, town's and county's proportionate share of the costs shall be
35 based on the amount of the original tax payment each municipality and
36 county received. Each month the state treasurer shall reduce the amount
37 otherwise distributable to the city, town and county under this section by
38 one thirty-sixth of the total amount to be recovered from the city, town
39 or county until the total amount has been recovered, but the monthly
40 reduction for any city, town or county shall not exceed ten percent of the
41 full monthly distribution to that entity. The reduction shall begin for
42 the first calendar month after the final disposition of the case and shall
43 continue until the total amount, including interest and costs, has been
44 recovered.

45 H. On receiving a certificate of default from the greater Arizona

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

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

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

37 K. On notice from the auditor general pursuant to section 9-626,
38 subsection D, the state treasurer shall withhold from the distribution of
39 monies pursuant to this section to the affected city the amount computed
40 pursuant to section 9-626, subsection D. The state treasurer shall
41 continue to withhold monies pursuant to this subsection until the entire
42 amount specified in the notice has been withheld. The state treasurer
43 shall credit any monies withheld pursuant to this subsection to the state
44 general fund as provided by subsection D, paragraph 4 of this section.

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

18 M. EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION, ON NOTICE FROM
19 THE GOVERNING BODY OF A CITY OR TOWN THAT AN OFFICIAL ACTION ADOPTED OR
20 TAKEN BY THE GOVERNING BODY OF THE CITY OR TOWN REDUCES A LAW ENFORCEMENT
21 AGENCY'S BUDGET BY LESS THAN TWENTY-FIVE PERCENT FROM THE PREVIOUS YEAR'S
22 BUDGET PURSUANT TO SECTION 9-500.48, THE STATE TREASURER SHALL WITHHOLD
23 THE DISTRIBUTION OF MONIES PURSUANT TO THIS SECTION IN AN AMOUNT EQUAL TO
24 THE REDUCTION TO THE LAW ENFORCEMENT AGENCY'S BUDGET TO THE AFFECTED CITY
25 OR TOWN AND SHALL CONTINUE TO WITHHOLD MONIES PURSUANT TO THIS SUBSECTION
26 UNTIL NOTIFICATION BY THE GOVERNING BODY OF THE CITY OR TOWN THAT THE
27 REDUCTION HAS BEEN RESTORED. THE STATE TREASURER SHALL DEPOSIT, PURSUANT
28 TO SECTIONS 35-146 AND 35-147, THE MONIES WITHHELD PURSUANT TO THIS
29 SUBSECTION IN THE LAW ENFORCEMENT SUPPORT FUND ESTABLISHED BY SECTION
30 41-1734. IF THE GOVERNING BODY OF A CITY OR TOWN REDUCES A LAW
31 ENFORCEMENT AGENCY'S BUDGET BY MORE THAN TWENTY-FIVE PERCENT FROM THE
32 PREVIOUS YEAR'S BUDGET, THE STATE TREASURER SHALL WITHHOLD THE
33 DISTRIBUTION OF ALL MONIES PURSUANT TO THIS SECTION TO THE AFFECTED CITY
34 OR TOWN AND SHALL CONTINUE TO WITHHOLD MONIES PURSUANT TO THIS SUBSECTION
35 UNTIL NOTIFICATION BY THE GOVERNING BODY OF THE CITY OR TOWN THAT THE
36 REDUCTION HAS BEEN RESTORED. IF THE COUNTY SHERIFF'S DEPARTMENT OR THE
37 DEPARTMENT OF PUBLIC SAFETY ASSUMES LAW ENFORCEMENT FUNCTIONS PURSUANT TO
38 SECTION 9-500.48, SUBSECTION F, THE STATE TREASURER SHALL TRANSFER ALL
39 WITHHELD MONIES TO THE AGENCY THAT ASSUMES LAW ENFORCEMENT FUNCTIONS IN
40 THE AFFECTED COUNTY, CITY OR TOWN. THE STATE TREASURER SHALL NOT WITHHOLD
41 ANY AMOUNT THAT THE CITY OR TOWN CERTIFIES AS BEING NECESSARY TO MAKE ANY
42 REQUIRED DEPOSITS OR PAYMENTS FOR DEBT SERVICE ON BONDS OR OTHER LONG-TERM
43 OBLIGATIONS OF THE CITY OR TOWN THAT WERE ISSUED OR INCURRED BEFORE THE
44 REDUCTION IN THE LAW ENFORCEMENT AGENCY'S BUDGET. THIS SUBSECTION DOES

1 NOT APPLY TO A REDUCTION IN BUDGET PURSUANT TO SECTION 9-500.48,
2 SUBSECTION D.

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

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

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

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

12 43-206. Urban revenue sharing fund; allocation; distribution;
13 withholding; definition

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

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

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

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

38 E. On receipt of a certificate of default from the greater Arizona
39 development authority pursuant to section 41-2257 or 41-2258, the state
40 treasurer, to the extent not otherwise expressly prohibited by law, shall
41 withhold from the next succeeding distribution of monies pursuant to this
42 section due to the city or town the amount specified in the certificate of
43 default and immediately deposit the amount withheld in the greater Arizona
44 development authority revolving fund. The state treasurer shall continue
45 to withhold and deposit the monies until the authority certifies to the

1 state treasurer that the default has been cured. In no event shall the
2 state treasurer withhold any amount that is necessary, as certified by the
3 defaulting political subdivision to the state treasurer and the authority,
4 to make any required deposits then due for the payment of principal and
5 interest on bonds of the political subdivision that were issued prior to
6 the date of the loan repayment agreement or bonds and that have been
7 secured by a pledge of distributions made pursuant to this section.

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

24 G. EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION, ON NOTICE FROM
25 THE GOVERNING BODY OF A CITY OR TOWN THAT AN OFFICIAL ACTION ADOPTED OR
26 TAKEN BY THE GOVERNING BODY OF A CITY OR TOWN REDUCES A LAW ENFORCEMENT
27 AGENCY'S BUDGET BY LESS THAN TWENTY-FIVE PERCENT FROM THE PREVIOUS YEAR'S
28 BUDGET PURSUANT TO SECTION 9-500.48, THE STATE TREASURER SHALL WITHHOLD
29 THE DISTRIBUTION OF MONIES PURSUANT TO THIS SECTION IN AN AMOUNT EQUAL TO
30 THE REDUCTION TO THE LAW ENFORCEMENT AGENCY'S BUDGET TO THE AFFECTED CITY
31 OR TOWN AND SHALL CONTINUE TO WITHHOLD MONIES PURSUANT TO THIS SUBSECTION
32 UNTIL NOTIFICATION BY THE GOVERNING BODY OF THE CITY OR TOWN THAT THE
33 REDUCTION HAS BEEN RESTORED. THE STATE TREASURER SHALL DEPOSIT, PURSUANT
34 TO SECTIONS 35-146 AND 35-147, THE MONIES WITHHELD PURSUANT TO THIS
35 SUBSECTION IN THE LAW ENFORCEMENT SUPPORT FUND ESTABLISHED BY SECTION
36 41-1734. IF THE GOVERNING BODY OF A CITY OR TOWN REDUCES A LAW
37 ENFORCEMENT AGENCY'S BUDGET BY MORE THAN TWENTY-FIVE PERCENT FROM THE
38 PREVIOUS YEAR'S BUDGET, THE STATE TREASURER SHALL WITHHOLD THE
39 DISTRIBUTION OF ALL MONIES PURSUANT TO THIS SECTION TO THE AFFECTED CITY
40 OR TOWN AND SHALL CONTINUE TO WITHHOLD MONIES PURSUANT TO THIS SUBSECTION
41 UNTIL NOTIFICATION BY THE GOVERNING BODY OF THE CITY OR TOWN THAT THE
42 REDUCTION HAS BEEN RESTORED. IF THE COUNTY SHERIFF'S DEPARTMENT OR
43 DEPARTMENT OF PUBLIC SAFETY ASSUMES LAW ENFORCEMENT FUNCTIONS PURSUANT TO
44 SECTION 9-500.48, SUBSECTION F, THE STATE TREASURER SHALL TRANSFER ALL
45 WITHHELD MONIES TO THE AGENCY THAT ASSUMES LAW ENFORCEMENT FUNCTIONS IN

1 THE AFFECTED CITY OR TOWN. THE STATE TREASURER SHALL NOT WITHHOLD ANY
2 AMOUNT THAT THE CITY OR TOWN CERTIFIES AS BEING NECESSARY TO MAKE ANY
3 REQUIRED DEPOSITS OR PAYMENTS FOR DEBT SERVICE ON BONDS OR OTHER LONG-TERM
4 OBLIGATIONS OF THE CITY OR TOWN THAT WERE ISSUED OR INCURRED BEFORE THE
5 REDUCTION IN THE LAW ENFORCEMENT AGENCY'S BUDGET. THIS SUBSECTION DOES
6 NOT APPLY TO A REDUCTION IN BUDGET PURSUANT TO SECTION 9-500.48,
7 SUBSECTION D.

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

10 Sec. 5. Retroactivity

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