

REFERENCE TITLE: urban revenue sharing; public safety

State of Arizona  
House of Representatives  
Fifty-fifth Legislature  
Second Regular Session  
2022

# HB 2375

Introduced by  
Representative Cobb

AN ACT

AMENDING SECTION 43-206, ARIZONA REVISED STATUTES; RELATING TO URBAN  
REVENUE SHARING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 43-206, Arizona Revised Statutes, is amended to  
3 read:

4 43-206. Urban revenue sharing fund; allocation; distribution;  
5 withholding; definition

6 A. The urban revenue sharing fund is established. Through fiscal  
7 year 2022-2023, the fund consists of an amount equal to fifteen percent of  
8 the net proceeds of the state income taxes for the fiscal year two years  
9 preceding the current fiscal year. Beginning in fiscal year 2023-2024,  
10 the fund consists of an amount equal to eighteen percent of the net  
11 proceeds of the state income taxes for the fiscal year two years preceding  
12 the current fiscal year. The fund shall be distributed to incorporated  
13 cities and towns as provided in this section, except that a city or town  
14 shall receive at least an amount equal to what a city or town with a  
15 population of fifteen hundred or more persons would receive. The transfer  
16 of net proceeds prescribed by section 49-282, subsection B does not affect  
17 the calculation of net proceeds prescribed by this subsection.

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

25 C. The treasurer, on instruction from the department, shall  
26 transmit, not later than the tenth day of each month, to each city or town  
27 an amount equal to one-twelfth of that city's or town's total entitlement  
28 for the current fiscal year from the urban revenue sharing fund as  
29 determined by the department.

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

33 E. On receipt of a certificate of default from the greater Arizona  
34 development authority pursuant to section 41-2257 or 41-2258, the state  
35 treasurer, to the extent not otherwise expressly prohibited by law, shall  
36 withhold from the next succeeding distribution of monies pursuant to this  
37 section due to the city or town the amount specified in the certificate of  
38 default and immediately deposit the amount withheld in the greater Arizona  
39 development authority revolving fund. The state treasurer shall continue  
40 to withhold and deposit the monies until the authority certifies to the  
41 state treasurer that the default has been cured. The state treasurer may  
42 not withhold any amount that is necessary, as certified by the defaulting  
43 political subdivision to the state treasurer and the authority, to make  
44 any required deposits then due for the payment of principal and interest  
45 on bonds of the political subdivision that were issued before the date of

1 the loan repayment agreement or bonds and that have been secured by a  
2 pledge of distributions made pursuant to this section.

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

19 G. BEGINNING IN FISCAL YEAR 2023-2024, MONIES DISTRIBUTED TO CITIES  
20 AND TOWNS PURSUANT TO THIS SECTION SHALL BE USED ONLY FOR PUBLIC SAFETY  
21 SERVICES. IF A CITY OR TOWN USES ANY MONIES DISTRIBUTED PURSUANT TO THIS  
22 SECTION FOR A PURPOSE OTHER THAN PUBLIC SAFETY SERVICES IN ANY FISCAL  
23 YEAR, THE STATE TREASURER SHALL WITHHOLD AN AMOUNT EQUAL TO THOSE  
24 EXPENDITURES FOR THE FOLLOWING FISCAL YEAR.

25 H. FOR THE PURPOSES OF THIS SECTION, "PUBLIC SAFETY SERVICES" MEANS  
26 THE PROVISION OF POLICE, FIRE AND EMERGENCY MEDICAL SERVICES.