

REFERENCE TITLE: budget reduction; law enforcement; hearing

State of Arizona  
Senate  
Fifty-fifth Legislature  
Second Regular Session  
2022

## **SB 1349**

Introduced by  
Senator Rogers

### **AN ACT**

AMENDING TITLE 9, CHAPTER 4, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 9-500.48; AMENDING TITLE 11, CHAPTER 2, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 11-269.27; 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; hearing; enforcement; definition

A. IF THE PROPOSED BUDGET OF A CITY OR TOWN REDUCES FUNDING TO THE OPERATING BUDGET OF A LAW ENFORCEMENT AGENCY, THE ATTORNEY GENERAL OR A MEMBER OF THE GOVERNING BODY WHO OBJECTS TO THE FUNDING REDUCTION MAY FILE A PETITION WITH THE GOVERNOR'S REGULATORY REVIEW COUNCIL WITHIN THIRTY DAYS AFTER THE DATE THE BUDGET IS PROPOSED BY THE CITY OR TOWN. THE PETITION SHALL STATE THE REASONS OR GROUNDS FOR THE OBJECTION.

B. A COPY OF THE PETITION SHALL BE SERVED ON THE GOVERNING BODY OF THE CITY OR TOWN OR TO THE CLERK OF THE SUPERIOR COURT OF THE COUNTY IN WHICH THE CITY OR TOWN IS LOCATED. THE GOVERNING BODY OF THE CITY OR TOWN SHALL FILE A REPLY WITH THE GOVERNOR'S REGULATORY REVIEW COUNCIL WITHIN FIVE BUSINESS DAYS AFTER SERVICE OF A COPY OF THE PETITION. THE GOVERNING BODY OF THE CITY OR TOWN SHALL PROVIDE A COPY OF THE REPLY TO THE PETITIONER.

C. ON RECEIPT OF THE PETITION, THE GOVERNOR'S REGULATORY REVIEW COUNCIL SHALL SCHEDULE A HEARING TO CONSIDER AND REPLY TO THE MATTERS PRESENTED IN THE PETITION. THE GOVERNOR'S REGULATORY REVIEW COUNCIL MAY APPROVE, AMEND OR MODIFY THE PROPOSED LAW ENFORCEMENT AGENCY BUDGET. THE LAW ENFORCEMENT AGENCY BUDGET, AS APPROVED, AMENDED OR MODIFIED BY THE GOVERNOR'S REGULATORY REVIEW COUNCIL, IS FINAL.

D. IF THE BUDGET ADOPTED BY THE GOVERNOR'S REGULATORY REVIEW COUNCIL DECREASES THE LAW ENFORCEMENT AGENCY'S BUDGET BY TEN PERCENT OR MORE OVER THE PREVIOUS YEAR'S BUDGET, THE CITY OR TOWN SHALL NOTIFY THE STATE TREASURER OF THE REDUCTION. THE STATE TREASURER SHALL 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. 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.

E. IF THE GOVERNING BODY OF A CITY OR TOWN REDUCES A LAW ENFORCEMENT AGENCY'S BUDGET PURSUANT TO THIS SECTION, THE CITY OR TOWN SHALL POST ON THE CITY'S OR TOWN'S OFFICIAL WEBSITE THE FINAL BUDGET WITHIN FIVE DAYS AFTER ADOPTING THE REDUCED BUDGET, AND THE FINAL BUDGET MUST REMAIN ON THE WEBSITE FOR AT LEAST TWO YEARS. IF THE CITY OR TOWN DOES NOT OPERATE AN OFFICIAL WEBSITE, THE CITY OR TOWN SHALL TRANSMIT THE ADOPTED BUDGET TO THE MANAGER OR ADMINISTRATOR OF THE COUNTY IN WHICH THE CITY OR TOWN IS LOCATED AND THE COUNTY SHALL POST THE FINAL BUDGET ON THE COUNTY WEBSITE.

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

1           Sec. 2. Title 11, chapter 2, article 4, Arizona Revised Statutes,  
2 is amended by adding section 11-269.27, to read:

3           11-269.27. Law enforcement; budget decrease; prohibition;  
4                                   hearing; enforcement; definition

5           A. IF THE PROPOSED BUDGET OF A COUNTY REDUCES FUNDING TO THE  
6 OPERATING BUDGET OF A LAW ENFORCEMENT AGENCY, THE ATTORNEY GENERAL OR A  
7 MEMBER OF THE BOARD OF SUPERVISORS WHO OBJECTS TO THE FUNDING REDUCTION  
8 MAY FILE A PETITION WITH THE GOVERNOR'S REGULATORY REVIEW COUNCIL WITHIN  
9 THIRTY DAYS AFTER THE DATE THE BUDGET IS PROPOSED BY THE COUNTY. THE  
10 PETITION SHALL STATE THE REASONS OR GROUNDS FOR THE OBJECTION.

11          B. A COPY OF THE PETITION SHALL BE SERVED ON THE BOARD OF  
12 SUPERVISORS OR TO THE CLERK OF THE SUPERIOR COURT OF THE COUNTY. THE  
13 BOARD OF SUPERVISORS SHALL FILE A REPLY WITH THE GOVERNOR'S REGULATORY  
14 REVIEW COUNCIL WITHIN FIVE BUSINESS DAYS AFTER SERVICE OF A COPY OF THE  
15 PETITION. THE BOARD OF SUPERVISORS SHALL PROVIDE A COPY OF THE REPLY TO  
16 THE PETITIONER.

17          C. ON RECEIPT OF THE PETITION, THE GOVERNOR'S REGULATORY REVIEW  
18 COUNCIL SHALL SCHEDULE A HEARING TO CONSIDER AND REPLY TO THE MATTERS  
19 PRESENTED IN THE PETITION. THE GOVERNOR'S REGULATORY REVIEW COUNCIL MAY  
20 APPROVE, AMEND OR MODIFY THE PROPOSED LAW ENFORCEMENT AGENCY BUDGET. THE  
21 LAW ENFORCEMENT AGENCY BUDGET, AS APPROVED, AMENDED OR MODIFIED BY THE  
22 GOVERNOR'S REGULATORY REVIEW COUNCIL, IS FINAL.

23          D. IF THE BUDGET ADOPTED BY THE GOVERNOR'S REGULATORY REVIEW  
24 COUNCIL DECREASES THE LAW ENFORCEMENT AGENCY'S BUDGET BY TEN PERCENT OR  
25 MORE OVER THE PREVIOUS YEAR'S BUDGET, THE COUNTY SHALL NOTIFY THE STATE  
26 TREASURER OF THE REDUCTION. THE STATE TREASURER SHALL WITHHOLD ANY STATE  
27 SHARED MONIES FROM THE COUNTY IN AN AMOUNT EQUAL TO THE AMOUNT OF THE  
28 REDUCTION OF THE ANNUAL OPERATING BUDGET FOR THE LAW ENFORCEMENT AGENCY  
29 PURSUANT TO SECTION 42-5029, SUBSECTION M. THE STATE TREASURER SHALL  
30 CONTINUE TO WITHHOLD STATE SHARED MONIES UNTIL NOTIFICATION FROM THE  
31 COUNTY THAT THE REDUCTION IN THE LAW ENFORCEMENT AGENCY'S BUDGET HAS BEEN  
32 RESTORED.

33          E. IF THE BOARD OF SUPERVISORS REDUCES A LAW ENFORCEMENT AGENCY'S  
34 BUDGET PURSUANT TO THIS SECTION, THE BOARD SHALL POST ON THE COUNTY'S  
35 OFFICIAL WEBSITE THE FINAL BUDGET WITHIN FIVE DAYS AFTER ADOPTING THE  
36 REDUCED BUDGET, AND THE FINAL BUDGET MUST REMAIN ON THE WEBSITE FOR AT  
37 LEAST TWO YEARS.

38          F. FOR THE PURPOSES OF THIS SECTION, "LAW ENFORCEMENT AGENCY" MEANS  
39 A COUNTY SHERIFF'S DEPARTMENT.

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

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

44          A. The department shall deposit, pursuant to sections 35-146 and  
45 35-147, all revenues collected under this article and articles 4, 5 and 8  
46 of this chapter pursuant to section 42-1116, separately accounting for:

1           1. Payments of estimated tax under section 42-5014, subsection D.  
2           2. Revenues collected pursuant to section 42-5070.  
3           3. Revenues collected under this article and article 5 of this  
4 chapter from and after June 30, 2000 from sources located on Indian  
5 reservations in this state.  
6           4. Revenues collected pursuant to section 42-5010, subsection G and  
7 section 42-5155, subsection D.  
8           5. Revenues collected pursuant to section 42-5010.01 and section  
9 42-5155, subsection E.  
10          B. The department shall credit payments of estimated tax to an  
11 estimated tax clearing account and each month shall transfer all monies in  
12 the estimated tax clearing account to a fund designated as the transaction  
13 privilege and severance tax clearing account. The department shall credit  
14 all other payments to the transaction privilege and severance tax clearing  
15 account, separately accounting for the monies designated as distribution  
16 base under sections 42-5010, 42-5164 and 42-5205. Each month the  
17 department shall report to the state treasurer the amount of monies  
18 collected pursuant to this article and articles 4, 5 and 8 of this  
19 chapter.  
20          C. On notification by the department, the state treasurer shall  
21 distribute the monies deposited in the transaction privilege and severance  
22 tax clearing account in the manner prescribed by this section and by  
23 sections 42-5164 and 42-5205, after deducting warrants drawn against the  
24 account pursuant to sections 42-1118 and 42-1254.  
25          D. Of the monies designated as distribution base, the department  
26 shall:  
27           1. Pay twenty-five percent to the various incorporated  
28 municipalities in this state in proportion to their population to be used  
29 by the municipalities for any municipal purpose.  
30           2. Pay 38.08 percent to the counties in this state by averaging the  
31 following proportions:  
32           (a) The proportion that the population of each county bears to the  
33 total state population.  
34           (b) The proportion that the distribution base monies collected  
35 during the calendar month in each county under this article, section  
36 42-5164, subsection B and section 42-5205, subsection B bear to the total  
37 distribution base monies collected under this article, section 42-5164,  
38 subsection B and section 42-5205, subsection B throughout the state for  
39 the calendar month.  
40           3. Pay an additional 2.43 percent to the counties in this state as  
41 follows:  
42           (a) Average the following proportions:  
43           (i) The proportion that the assessed valuation used to determine  
44 secondary property taxes of each county, after deducting that part of the  
45 assessed valuation that is exempt from taxation at the beginning of the  
46 month for which the amount is to be paid, bears to the total assessed

1 valuations used to determine secondary property taxes of all the counties  
2 after deducting that portion of the assessed valuations that is exempt  
3 from taxation at the beginning of the month for which the amount is to be  
4 paid. Property of a city or town that is not within or contiguous to the  
5 municipal corporate boundaries and from which water is or may be withdrawn  
6 or diverted and transported for use on other property is considered to be  
7 taxable property in the county for purposes of determining assessed  
8 valuation in the county under this item.

9 (ii) The proportion that the distribution base monies collected  
10 during the calendar month in each county under this article, section  
11 42-5164, subsection B and section 42-5205, subsection B bear to the total  
12 distribution base monies collected under this article, section 42-5164,  
13 subsection B and section 42-5205, subsection B throughout the state for  
14 the calendar month.

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

26 4. After any distributions required by sections 42-5030,  
27 42-5030.01, 42-5031, 42-5032, 42-5032.01 and 42-5032.02, and after making  
28 any transfer to the water quality assurance revolving fund as required by  
29 section 49-282, subsection B, credit the remainder of the monies  
30 designated as distribution base to the state general fund. From this  
31 amount the legislature shall annually appropriate to:

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

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

36 (c) The firearms safety and ranges fund established by section  
37 17-273, ~~fifty thousand dollars~~ \$50,000 derived from the taxes collected  
38 from the retail classification pursuant to section 42-5061 for the current  
39 fiscal year.

40 E. If approved by the qualified electors voting at a statewide  
41 general election, all monies collected pursuant to section 42-5010,  
42 subsection G and section 42-5155, subsection D shall be distributed each  
43 fiscal year pursuant to this subsection. The monies distributed pursuant  
44 to this subsection are in addition to any other appropriation, transfer or  
45 other allocation of public or private monies from any other source and  
46 shall not supplant, replace or cause a reduction in other school district,

1 charter school, university or community college funding sources. The  
2 monies shall be distributed as follows:

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

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

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

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

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

- 41 (a) In fiscal year 2001-2002, \$15,305,900.
- 42 (b) In fiscal year 2002-2003, \$31,530,100.
- 43 (c) In fiscal year 2003-2004, \$48,727,700.
- 44 (d) In fiscal year 2004-2005, \$66,957,200.
- 45 (e) In fiscal year 2005-2006 and each fiscal year thereafter,
- 46 \$86,280,500.

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

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

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

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

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

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

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

31           (c) Forty per cent shall be allocated for maintenance and operation  
32 purposes.

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

36           G. Notwithstanding subsection D of this section, if a court of  
37 competent jurisdiction finally determines that tax monies distributed  
38 under this section were illegally collected under this article or articles  
39 5 and 8 of this chapter and orders the monies to be refunded to the  
40 taxpayer, the department shall compute the amount of such monies that was  
41 distributed to each city, town and county under this section. Each  
42 city's, town's and county's proportionate share of the costs shall be  
43 based on the amount of the original tax payment each municipality and  
44 county received. Each month the state treasurer shall reduce the amount  
45 otherwise distributable to the city, town and county under this section by  
46 one thirty-sixth of the total amount to be recovered from the city, town

1 or county until the total amount has been recovered, but the monthly  
2 reduction for any city, town or county shall not exceed ten percent of the  
3 full monthly distribution to that entity. The reduction shall begin for  
4 the first calendar month after the final disposition of the case and shall  
5 continue until the total amount, including interest and costs, has been  
6 recovered.

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

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

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

44 K. On notice from the auditor general pursuant to section 9-626,  
45 subsection D, the state treasurer shall withhold from the distribution of  
46 monies pursuant to this section to the affected city the amount computed

1 pursuant to section 9-626, subsection D. The state treasurer shall  
 2 continue to withhold monies pursuant to this subsection until the entire  
 3 amount specified in the notice has been withheld. The state treasurer  
 4 shall credit any monies withheld pursuant to this subsection to the state  
 5 general fund as provided by subsection D, paragraph 4 of this section.

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

23 M. EXCEPT AS OTHERWISE PROVIDED BY THIS SUBSECTION, ON NOTICE FROM  
 24 A BOARD OF SUPERVISORS OR THE GOVERNING BODY OF A CITY OR TOWN THAT THE  
 25 GOVERNOR'S REGULATORY REVIEW COUNCIL DETERMINED IN A HEARING PURSUANT TO  
 26 SECTION 9-500.48 OR 11-269.27 TO REDUCE A LAW ENFORCEMENT AGENCY'S BUDGET  
 27 BY ANY AMOUNT FROM THE PREVIOUS YEAR'S BUDGET, THE STATE TREASURER SHALL  
 28 WITHHOLD THE DISTRIBUTION OF MONIES PURSUANT TO THIS SECTION IN AN AMOUNT  
 29 EQUAL TO THE REDUCTION TO THE LAW ENFORCEMENT AGENCY'S BUDGET TO THE  
 30 AFFECTED COUNTY, CITY OR TOWN AND SHALL CONTINUE TO WITHHOLD MONIES  
 31 PURSUANT TO THIS SUBSECTION UNTIL NOTIFICATION BY THE BOARD OF SUPERVISORS  
 32 OR THE GOVERNING BODY OF THE CITY OR TOWN THAT THE REDUCTION HAS BEEN  
 33 RESTORED. THE STATE TREASURER SHALL NOT WITHHOLD ANY AMOUNT THAT THE  
 34 COUNTY, CITY OR TOWN CERTIFIES AS BEING NECESSARY TO MAKE ANY REQUIRED  
 35 DEPOSITS OR PAYMENTS FOR DEBT SERVICE ON BONDS OR OTHER LONG-TERM  
 36 OBLIGATIONS OF THE COUNTY, CITY OR TOWN THAT WERE ISSUED OR INCURRED  
 37 BEFORE REDUCING THE LAW ENFORCEMENT AGENCY'S BUDGET.

38 ~~M.~~ N. For the purposes of this section: ~~;~~

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

44 2. "LAW ENFORCEMENT AGENCY" MEANS A MUNICIPAL POLICE DEPARTMENT OR  
 45 COUNTY SHERIFF'S DEPARTMENT.

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

3           43-206. Urban revenue sharing fund; allocation; distribution;  
4                           withholding; definition

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

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

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

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

32           E. On receipt of a certificate of default from the greater Arizona  
33 development authority pursuant to section 41-2257 or 41-2258, the state  
34 treasurer, to the extent not otherwise expressly prohibited by law, shall  
35 withhold from the next succeeding distribution of monies pursuant to this  
36 section due to the city or town the amount specified in the certificate of  
37 default and immediately deposit the amount withheld in the greater Arizona  
38 development authority revolving fund. The state treasurer shall continue  
39 to withhold and deposit the monies until the authority certifies to the  
40 state treasurer that the default has been cured. The state treasurer may  
41 not withhold any amount that is necessary, as certified by the defaulting  
42 political subdivision to the state treasurer and the authority, to make  
43 any required deposits then due for the payment of principal and interest  
44 on bonds of the political subdivision that were issued before the date of  
45 the loan repayment agreement or bonds and that have been secured by a  
46 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 THE GOVERNOR'S REGULATORY REVIEW COUNCIL DETERMINED IN A HEARING PURSUANT TO SECTION 9-500.48 TO REDUCE A LAW ENFORCEMENT AGENCY'S BUDGET BY ANY AMOUNT FROM THE PREVIOUS YEAR'S BUDGET, 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 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 REDUCING THE LAW ENFORCEMENT AGENCY'S BUDGET.

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