

REFERENCE TITLE: EORP; appropriations; repayment

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HB 2098

Introduced by
Representative Livingston

AN ACT

AMENDING SECTIONS 12-119.01, 12-120.31, 12-284.03, 22-281, 38-803.01 AND 38-810, ARIZONA REVISED STATUTES; AMENDING TITLE 38, CHAPTER 5, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-824; REPEALING SECTION 38-824, ARIZONA REVISED STATUTES; AMENDING SECTION 41-178, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 4, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-727; AMENDING SECTION 42-5029, ARIZONA REVISED STATUTES; APPROPRIATING MONIES; RELATING TO PUBLIC RETIREMENT SYSTEMS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 12-119.01, Arizona Revised Statutes, is amended
3 to read:

4 12-119.01. Supreme court fees; distribution

5 A. Except as otherwise provided by law, fees for the supreme court
6 shall be established and classified as follows:

| 7 Class | Description | Fee |
|---------|--------------------------------|-----------|
| 8 A | Initial case filing fee | |
| 9 | Petitions for review and | |
| 10 | cross petitions for | |
| 11 | review | \$ 140.00 |
| 12 | Direct appeals and cross | |
| 13 | appeal appellant | 140.00 |
| 14 | Special actions petitioner | 140.00 |
| 15 B | Subsequent case filing fee | |
| 16 | Intervenors direct appeals | |
| 17 | and special action | \$ 70.00 |
| 18 | Direct appeals appellee | 70.00 |
| 19 | Special actions respondent | 70.00 |
| 20 | Response to petition | |
| 21 | for review | 70.00 |
| 22 E | Minimum clerk fee | |
| 23 | Certifications alone | \$ 17.00 |
| 24 | Certificate of good standing | |
| 25 | Certificates | 17.00 |
| 26 F | Per page fee | |
| 27 | Copies – each page | \$.50 |
| 28 G | Special fees | |
| 29 | New and duplicate certificates | \$ 35.00 |

30 B. The clerk of the supreme court shall deposit, pursuant to
31 sections 35-146 and 35-147, all of the monies collected pursuant to
32 subsection A of this section as follows:

33 1. 27.78 ~~per cent~~ PERCENT in the judicial collection enhancement
34 fund established by section 12-113.

35 2. ~~THROUGH JUNE 30, 2025, 26.00 per cent PERCENT with the state~~
36 ~~treasurer for transmission to the elected officials' retirement plan fund~~
37 ~~established by section 38-802. The monies shall be transmitted by the~~
38 ~~state treasurer to the fund~~ PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM'S
39 BOARD'S OFFICE FOR DISTRIBUTION pursuant to section 38-810.

40 3. BEGINNING JULY 1, 2025, 26.00 PERCENT WITH THE STATE TREASURER
41 FOR TRANSMISSION TO THE DEPARTMENT OF ADMINISTRATION FOR DISTRIBUTION
42 PURSUANT TO SECTION 41-727.

43 ~~3. 4. 46.22 per cent~~ PERCENT in the state general fund.

44 C. The supreme court may increase the class A and B fees prescribed
45 in subsection A of this section.

1 Sec. 2. Section 12-120.31, Arizona Revised Statutes, is amended to
2 read:

3 12-120.31. Fees and costs; distribution

4 A. Fees and costs in the court of appeals shall be the same as
5 supreme court fees and costs pursuant to section 12-119.01.

6 B. Fees charged by the court of appeals for electronic filing of
7 documents and electronic access shall be the same amount as fees charged
8 by the supreme court and are subject to ~~the provisions of~~ section
9 12-119.02.

10 C. The court of appeals shall retain 8.36 ~~per cent~~ PERCENT of all
11 of the monies it collects monthly pursuant to subsection A of this
12 section. The retained monies shall be used to improve, maintain and
13 enhance the ability to collect and manage monies assessed or received by
14 the court, to improve court automation and to improve case processing or
15 the administration of justice. The clerk of the court of appeals shall
16 submit a plan to the supreme court that the supreme court shall approve
17 before the court spends the retained monies.

18 D. Excluding the monies that are retained pursuant to subsection C
19 of this section, the clerk of the court of appeals shall deposit, pursuant
20 to sections 35-146 and 35-147, all monies collected pursuant to subsection
21 A of this section as follows:

22 1. 19.42 ~~per cent~~ PERCENT in the judicial collection enhancement
23 fund established by section 12-113.

24 2. ~~THROUGH JUNE 30, 2025, 26.00 per cent PERCENT with the state~~
25 ~~treasurer for transmission to the elected officials' retirement plan fund~~
26 ~~established by section 38-802. The monies shall be transmitted by the~~
27 ~~state treasurer to the fund~~ PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM'S
28 BOARD'S OFFICE FOR DISTRIBUTION pursuant to section 38-810.

29 3. BEGINNING JULY 1, 2025, 26.00 PERCENT WITH THE STATE TREASURER
30 FOR TRANSMISSION TO THE DEPARTMENT OF ADMINISTRATION FOR DISTRIBUTION
31 PURSUANT TO SECTION 41-727.

32 ~~3.~~ 4. 46.22 ~~per cent~~ PERCENT in the state general fund.

33 Sec. 3. Section 12-284.03, Arizona Revised Statutes, is amended to
34 read:

35 12-284.03. Distribution of fees

36 A. Excluding the monies that are kept by the court pursuant to
37 subsection B of this section, the county treasurer shall transmit,
38 distribute or deposit all monies received from the clerk of the superior
39 court pursuant to section 12-284, subsection K as follows:

40 1. 1.20 percent to the state treasurer for deposit in the resource
41 center fund established by and for the purposes of section 41-2402,
42 subsection G.

1 2. 8.18 percent to the state treasurer for deposit in the domestic
2 violence services fund established by section 36-3002.

3 3. 1.78 percent to the state treasurer for deposit in the child
4 abuse prevention fund established by section 8-550.01.

5 4. In the county law library fund established by section 12-305,
6 either:

7 (a) 7.02 percent if the county treasurer is serving in a county
8 with a population of more than five hundred thousand persons.

9 (b) 14.09 percent if the county treasurer is serving in a county
10 with a population of five hundred thousand persons or less.

11 5. 0.32 percent to the state treasurer for deposit in the
12 alternative dispute resolution fund established by section 12-135.

13 6. ~~THROUGH JUNE 30, 2025, EITHER OF THE FOLLOWING PERCENTAGES~~ to
14 the ~~elected officials' retirement plan fund established by section 38-802,~~
15 ~~either of the following percentages, which shall be distributed to the~~
16 ~~fund~~ PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM'S BOARD'S OFFICE FOR
17 DISTRIBUTION pursuant to section 38-810:

18 (a) 21.91 percent if the county treasurer is serving in a county
19 with a population of more than five hundred thousand persons.

20 (b) 14.09 percent if the county treasurer is serving in a county
21 with a population of five hundred thousand persons or less.

22 7. 17.62 percent to the state treasurer for deposit in the judicial
23 collection enhancement fund established by section 12-113.

24 8. 0.24 percent to the state treasurer for deposit in the
25 confidential intermediary and fiduciary fund established by section 8-135.

26 9. In the county general fund, the following percentages:

27 (a) 28.81 percent if the county treasurer is serving in a county
28 with a population of more than five hundred thousand persons.

29 (b) 29.56 percent if the county treasurer is serving in a county
30 with a population of five hundred thousand persons or less.

31 10. ~~THROUGH JUNE 30, 2025, 6.00 percent to the elected officials'~~
32 ~~retirement plan, fund established by section 38-802 for the purpose of~~
33 ~~funding a portion of the employers' contributions required~~ PUBLIC SAFETY
34 PERSONNEL RETIREMENT SYSTEM'S BOARD'S OFFICE FOR DISTRIBUTION pursuant to
35 section 38-810.

36 11. BEGINNING JULY 1, 2025, EITHER OF THE FOLLOWING PERCENTAGES TO
37 THE DEPARTMENT OF ADMINISTRATION FOR DISTRIBUTION PURSUANT TO SECTION
38 41-727:

39 (a) 21.91 PERCENT IF THE COUNTY TREASURER IS SERVING IN A COUNTY
40 WITH A POPULATION OF MORE THAN FIVE HUNDRED THOUSAND PERSONS.

41 (b) 14.09 PERCENT IF THE COUNTY TREASURER IS SERVING IN A COUNTY
42 WITH A POPULATION OF FIVE HUNDRED THOUSAND PERSONS OR LESS.

12. BEGINNING JULY 1, 2025, 6.00 PERCENT TO THE DEPARTMENT OF ADMINISTRATION FOR DISTRIBUTION PURSUANT TO SECTION 41-727.

B. 6.92 percent of the monies transmitted, distributed or deposited pursuant to subsection A of this section shall be kept and used by the court collecting the fees in the same manner as the ~~seven dollars~~ \$7 of the time payment fee prescribed by section 12-116, subsection B.

Sec. 4. Section 22-281, Arizona Revised Statutes, is amended to read:

22-281. Fees and deposits

A. Justices of the peace shall receive fees established and classified as follows in civil actions:

| Class | Description | Fee |
|-------|--|----------|
| A | Initial case filing fee | |
| | Civil filing fees | \$ 73.00 |
| B | Subsequent case filing fee | |
| | Civil filing fees – defendant | \$ 40.00 |
| C | Initial case filing fee | |
| | Forcible entry and detainer filings | \$ 35.00 |
| | Small claims filing | 25.00 |
| D | Subsequent case filing fee | |
| | Small claims answer | \$ 15.00 |
| E | Minimum clerk fee | |
| | Document and transcript transfer on appeal | \$ 28.00 |
| | Certification of any documents | 28.00 |
| | Issuance of writs | 28.00 |
| | Filing any paper or performing any act | |
| | for which a fee is not specifically | |
| | prescribed | 28.00 |
| | Subpoena (civil) | 28.00 |
| | Research in locating a document | 28.00 |
| | Seal a court file | 28.00 |
| | Reopen a sealed court file | 28.00 |
| | Record duplication | 28.00 |
| F | Per page fee | |
| | Copies of any documents per page | \$ 0.50 |
| G | Special fees | |
| | Small claims service by mail | \$ 8.00 |

B. This section does not deprive the parties to the action of the privilege of depositing amounts with the justice, in addition to those set forth in this section, for use in connection with the payment of constable's and sheriff's fees for service of process, levying of writs and other services for which fees are otherwise provided by law.

C. Excluding the monies that are kept by the court pursuant to subsection D of this section, justices of the peace shall transmit monthly to the county treasurer all monies collected pursuant to subsection A of this section. The county treasurer shall distribute or deposit all of the monies received pursuant to this subsection as follows:

1. To the state treasurer for deposit in the judicial collection enhancement fund established by section 12-113, in the following percentages:

(a) 14.80 percent if the county treasurer is serving in a county with a population of more than five hundred thousand persons.

(b) 16.23 percent if the county treasurer is serving in a county with a population of five hundred thousand persons or less.

2. To the state treasurer for deposit in the alternative dispute resolution fund established by section 12-135, in the following percentages:

(a) 1.69 percent if the county treasurer is serving in a county with a population of more than five hundred thousand persons.

(b) 1.89 percent if the county treasurer is serving in a county with a population of five hundred thousand persons or less.

3. ~~THROUGH JUNE 30, 2025, EITHER OF THE FOLLOWING PERCENTAGES to the elected officials' retirement plan fund established by section 38-802, either of the following percentages, which shall be distributed to the fund~~ PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM'S BOARD'S OFFICE FOR DISTRIBUTION pursuant to section 38-810:

(a) 21.91 percent if the county treasurer is serving in a county with a population of more than five hundred thousand persons.

(b) 14.09 percent if the county treasurer is serving in a county with a population of five hundred thousand persons or less.

4. To the county general fund, in the following percentages:

(a) 49.95 percent if the county treasurer is serving in a county with a population of more than five hundred thousand persons.

(b) 55.51 percent if the county treasurer is serving in a county with a population of five hundred thousand persons or less.

5. ~~THROUGH JUNE 30, 2025, 6.00 percent to the elected officials' retirement plan, fund established by section 38-802 for the purpose of funding a portion of the employers' contributions required~~ PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM'S BOARD'S OFFICE FOR DISTRIBUTION pursuant to section 38-810.

6. BEGINNING JULY 1, 2025, EITHER OF THE FOLLOWING PERCENTAGES TO THE DEPARTMENT OF ADMINISTRATION FOR DISTRIBUTION PURSUANT TO SECTION 41-727:

(a) 21.91 PERCENT IF THE COUNTY TREASURER IS SERVING IN A COUNTY WITH A POPULATION OF MORE THAN FIVE HUNDRED THOUSAND PERSONS.

(b) 14.09 PERCENT IF THE COUNTY TREASURER IS SERVING IN A COUNTY WITH A POPULATION OF FIVE HUNDRED THOUSAND PERSONS OR LESS.

1 7. BEGINNING JULY 1, 2025, 6.00 PERCENT TO THE DEPARTMENT OF
2 ADMINISTRATION FOR DISTRIBUTION PURSUANT TO SECTION 41-727.

3 D. In counties with a population of more than five hundred thousand
4 persons, 5.65 percent of the monies transmitted pursuant to subsection C
5 of this section shall be kept and used by the court collecting the fees in
6 the same manner as the \$7 of the time payment fee prescribed by section
7 12-116, subsection B.

8 E. In counties with a population of five hundred thousand persons
9 or less, 6.28 percent of the monies transmitted pursuant to subsection C
10 of this section shall be kept and used by the court collecting the fees in
11 the same manner as the \$7 of the time payment fee prescribed by section
12 12-116, subsection B.

13 F. The supreme court may increase the fees prescribed in subsection
14 A of this section in an amount not to exceed the percent of change in the
15 average consumer price index as published by the United States department
16 of labor, bureau of labor statistics between that figure for the latest
17 calendar year and the calendar year in which the last fee increase
18 occurred.

19 Sec. 5. Section 38-803.01, Arizona Revised Statutes, is amended to
20 read:

21 38-803.01. Qualified governmental excess benefit arrangement;
22 definitions

23 A. The board may establish a qualified governmental excess benefit
24 arrangement for the sole purpose of enabling the board to continue to
25 apply the same formula for determining benefits payable to all employees
26 WHO ARE covered by the plan AND whose benefits under the plan are limited
27 by section 415 of the internal revenue code.

28 B. The board shall administer the qualified governmental excess
29 benefit arrangement. The board has full discretionary fiduciary authority
30 to determine all questions arising in connection with the QUALIFIED
31 GOVERNMENTAL EXCESS BENEFIT arrangement, including its interpretation and
32 any factual questions arising under the QUALIFIED GOVERNMENTAL EXCESS
33 BENEFIT arrangement.

34 C. All members and retired members of the plan are eligible to
35 participate in the qualified governmental excess benefit arrangement if
36 their benefits under the plan would exceed the limitations imposed by
37 section 415 of the internal revenue code.

38 D. On or after the effective date of the qualified governmental
39 excess benefit arrangement, the employer shall pay to each eligible member
40 of the plan who retires on or after the effective date and to each retired
41 member who retired before the effective date and that member's
42 beneficiary, if required, a supplemental pension benefit equal to the
43 amount by which the benefit that would have been payable under the plan,
44 without regard to any provisions in the plan incorporating the limitation
45 on benefits imposed by section 415 of the internal revenue code, exceeds

1 the benefit actually payable taking into account the limitation imposed on
 2 the plan by section 415 of the internal revenue code. The board shall
 3 compute and pay the supplemental pension benefits under the same terms and
 4 conditions and to the same person as the benefits payable to or on account
 5 of a retired member under the plan.

6 E. The employer shall not fund benefits payable under the qualified
 7 governmental excess benefit arrangement. The employer shall pay benefits
 8 payable under the qualified governmental excess benefit arrangement out of
 9 the general assets of the employer. For administrative purposes, the
 10 employer may establish a grantor trust for the benefit of eligible
 11 members. The employer shall be treated as grantor of the trust for
 12 purposes of section 677 of the internal revenue code. The rights of any
 13 person to receive benefits under the qualified governmental excess benefit
 14 arrangement are limited to those of a general creditor of the employer.

15 F. THE DEPARTMENT OF ADMINISTRATION AND THE BOARD SHALL COORDINATE
 16 TO ENSURE THAT PAYMENTS AND TAX REPORTING ARE IN ACCORDANCE WITH FEDERAL
 17 TAX REQUIREMENTS.

18 G. THE BOARD SHALL PROVIDE ALL NECESSARY INFORMATION TO THE
 19 DEPARTMENT OF ADMINISTRATION FOR THE PURPOSES OF DISTRIBUTING MONIES
 20 PURSUANT TO SECTION 41-727.

21 ~~F.~~ H. The terms and conditions contained in the plan, other than
 22 those relating to the benefit limitation imposed by section 415 of the
 23 internal revenue code, apply, unless the terms and conditions are
 24 inconsistent with the purpose of the qualified governmental excess benefit
 25 arrangement.

26 ~~G.~~ I. For the purposes of this section:

27 1. "Internal revenue code" has the same meaning prescribed in
 28 section 42-1001.

29 2. "Qualified governmental excess benefit arrangement" means a
 30 portion of the plan if:

31 (a) The portion is maintained solely to provide to members of the
 32 plan that part of a member's annual benefit that is otherwise payable
 33 under the terms of the plan and that exceeds the limitations imposed by
 34 section 415 of the internal revenue code.

35 (b) Under that portion, a direct or indirect election to defer
 36 compensation is not provided at any time to the member.

37 (c) Excess benefits are not paid from a trust that is a part of the
 38 plan unless the trust is maintained solely for the purpose of providing
 39 excess benefits.

40 Sec. 6. Section 38-810, Arizona Revised Statutes, is amended to
 41 read:

42 38-810. Contributions; appropriations

43 A. Each member shall contribute to the fund an amount equal to the
 44 amount prescribed in subsection G of this section. Contributions of
 45 members shall be made by payroll deductions. Every member is deemed to

1 consent to these deductions. Payment of a member's compensation, less
2 these payroll deductions, constitutes a full and complete discharge and
3 satisfaction of all claims and demands by the member relating to
4 remuneration for the member's services rendered during the period covered
5 by the payment, except with respect to the benefits provided under the
6 plan. A member may not, under any circumstance, borrow from, take a loan
7 against or remove contributions from the member's account before the
8 termination of membership in the plan or the receipt of a pension.

9 B. ~~THROUGH JUNE 30, 2025,~~ the board's office shall be credited
10 monthly with monies collected pursuant to section 12-119.01, subsection B,
11 paragraph 2, section 12-120.31, subsection D, paragraph 2, section
12 12-284.03, subsection A, ~~paragraph~~ PARAGRAPHS 6 AND 10, section 22-281,
13 subsection C, ~~paragraph~~ PARAGRAPHS 3 AND 5 and section 41-178. ~~THROUGH~~
14 ~~JUNE 30, 2025,~~ the monies credited to the fund pursuant to this subsection
15 shall be deposited in the fund on a monthly basis, and there shall be a
16 complete accounting of the determination of these monies deposited in the
17 fund.

18 C. Beginning on July 1, 2018, as determined by actuarial valuations
19 performed by the plan's actuary each employer shall make contributions on
20 a level percent of compensation basis for all employees of the employer
21 who are either members under this article, article 3.1 of this chapter or
22 article 2 of this chapter pursuant to section 38-727, subsection B
23 sufficient under the actuarial valuation to meet both the normal cost plus
24 the actuarially determined amount required to amortize the unfunded
25 accrued liability over a closed period of at least twenty and not more
26 than thirty years that is established by the board taking into account the
27 recommendation of the plan's actuary and the employer's contribution under
28 the elected officials' defined contribution retirement system established
29 pursuant to article 3.1 of this chapter and the employer's contribution
30 under article 2 of this chapter for members who are eligible pursuant to
31 section 38-727, subsection B. The employer also shall pay the amount
32 required by section 38-797.05 for members under article 2 of this chapter
33 who are eligible pursuant to section 38-727, subsection B and the amount
34 required by article 3.2 of this chapter for members under article 3.1 of
35 this chapter. The monies deposited in the fund pursuant to subsection B
36 of this section shall be used to supplement the contributions required of
37 all employers under the plan. The employer level percent compensation
38 contribution that is paid pursuant to this subsection, less the amount
39 contributed by the employer pursuant to section 38-833 and section 38-737
40 for members eligible pursuant to section 38-727, subsection B, shall not
41 be used to pay for an increase in benefits that is otherwise payable to
42 members but shall be used to meet the normal cost plus an amount to
43 amortize the unfunded accrued liability.

1 D. In any fiscal year, an employer's contribution to the plan in
2 combination with member contributions may not be less than the actuarially
3 determined normal cost for that fiscal year. After the close of any
4 fiscal year, if the plan's actuary determines that the actuarial valuation
5 of the fund contains excess valuation assets and is more than one hundred
6 percent funded, the board shall account for fifty percent of the excess
7 valuation assets in a stabilization reserve account. After the close of
8 any fiscal year, if the plan's actuary determines that the actuarial
9 valuation of the fund has a valuation asset deficiency and an unfunded
10 actuarial accrued liability, the board shall use any valuation assets in
11 the stabilization reserve account, to the extent available, to limit the
12 decline in the fund's funding ratio to not more than two percent.

13 E. The department of administration and the treasurer of each
14 county and participating city and town shall transfer to the board the
15 contributions provided for in subsections A and C of this section within
16 ten working days after each payroll date. The state, county treasurers
17 and clerks of the superior court shall transfer the monies credited under
18 subsection B of this section to the board on or before the fifteenth day
19 of each calendar month that follows the month in which the court fees were
20 collected. Contributions and monies credited under subsection B of this
21 section and transferred after these dates shall include a penalty equal to
22 ten percent a year, compounded annually, for each day that the
23 contributions or monies credited under subsection B of this section are
24 late. Delinquent payments due under this subsection, together with
25 interest charges as provided in this subsection and court costs, may be
26 recovered by action in a court of competent jurisdiction against the
27 person or persons responsible for the payments or, at the request of the
28 board, may be deducted from any other monies, including excise revenue
29 taxes, payable to a political subdivision by any department or agency of
30 this state. **THROUGH JUNE 30, 2025**, if requested by the board, the state,
31 county treasurers or clerks of the superior court shall transfer the
32 monies credited under subsection B of this section, in an amount
33 determined by the board, directly to the qualified governmental excess
34 benefit arrangement established pursuant to section 38-803.01.

35 F. The employer shall pay the member contributions required of
36 members on account of compensation earned after August 7, 1985. The paid
37 contributions shall be treated as employer contributions for the purpose
38 of determining tax treatment under the United States internal revenue
39 code. The effective date of the employer payment shall not be before the
40 date the retirement plan has received notification from the United States
41 internal revenue service that pursuant to section 414(h) of the United
42 States internal revenue code the member contributions paid will not be
43 included in gross income for income tax purposes until the paid
44 contributions are distributed by refund or pension payments. The employer
45 shall pay the member contributions from monies established and available

in the retirement deduction account, which monies would otherwise have been designated as member contributions and paid to the retirement plan. Member contributions paid pursuant to this subsection shall be treated for all other purposes, in the same manner and to the same extent, as member contributions made before August 7, 1985.

G. An elected official who became a member of the plan before July 20, 2011 shall contribute seven percent of the member's gross salary pursuant to subsection A of this section. The amount contributed pursuant to subsection A of this section by an elected official who became a member of the plan on or after July 20, 2011 is:

1. For fiscal year 2011-2012, ten percent of the member's gross salary.

2. For fiscal year 2012-2013, eleven and one-half percent of the member's gross salary.

3. For fiscal year 2013-2014 and each fiscal year thereafter, thirteen percent of the member's gross salary.

H. For fiscal year 2011-2012 and each fiscal year thereafter, the amount of the member's contribution that exceeds seven percent of the member's compensation shall not be used to reduce the employer's contributions that are calculated pursuant to subsection C of this section.

I. In fiscal years 2013-2014 through ~~2042-2043~~ 2024-2025, the sum of \$5,000,000 is appropriated in each fiscal year from the state general fund to the elected officials' retirement plan fund to supplement the normal cost plus an amount to amortize the unfunded accrued liability pursuant to subsection C of this section. Monies appropriated pursuant to this subsection shall not be used to pay for an increase in benefits that is otherwise payable to members and shall only be used as specified in this subsection. Monies appropriated pursuant to this subsection are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

Sec. 7. Title 38, chapter 5, article 3, Arizona Revised Statutes, is amended by adding section 38-824, to read:

38-824. Repayment; local governments; pension liability; payment schedule; intergovernmental agreements; treasurer's notification requirements; withholding monies

A. FROM AND AFTER JUNE 30, 2025 THROUGH JUNE 30, 2035, THE FOLLOWING AMOUNTS SHALL BE PAID ANNUALLY BY THE FOLLOWING CITIES, TOWNS AND COUNTIES TO REPAY THIS STATE FOR THE AMOUNTS PAID IN FISCAL YEAR 2024-2025 ON THE LOCAL GOVERNMENTS' BEHALF TO THE ELECTED OFFICIALS' RETIREMENT PLAN FOR UNFUNDED ACCRUED LIABILITY:

| | |
|--------------------|------------|
| 1. APACHE COUNTY | \$ 138,000 |
| 2. COCHISE COUNTY | \$ 464,500 |
| 3. COCONINO COUNTY | \$ 456,000 |

| | | | | |
|----|-----|-------------------------|----|------------|
| 1 | 4. | GILA COUNTY | \$ | 134,900 |
| 2 | 5. | GRAHAM COUNTY | \$ | 113,100 |
| 3 | 6. | GREENLEE COUNTY | \$ | 49,300 |
| 4 | 7. | LA PAZ COUNTY | \$ | 61,500 |
| 5 | 8. | MARICOPA COUNTY | \$ | 11,995,200 |
| 6 | 9. | MOHAVE COUNTY | \$ | 1,187,200 |
| 7 | 10. | NAVAJO COUNTY | \$ | 616,600 |
| 8 | 11. | PIMA COUNTY | \$ | 4,052,900 |
| 9 | 12. | PINAL COUNTY | \$ | 1,828,200 |
| 10 | 13. | SANTA CRUZ COUNTY | \$ | 122,200 |
| 11 | 14. | YAVAPAI COUNTY | \$ | 727,200 |
| 12 | 15. | YUMA COUNTY | \$ | 786,200 |
| 13 | 16. | CITY OF TUCSON | \$ | 151,700 |
| 14 | 17. | CITY OF SAFFORD | \$ | 41,800 |
| 15 | 18. | TOWN OF MARANA | \$ | 95,100 |
| 16 | 19. | TOWN OF GILBERT | \$ | 133,300 |
| 17 | 20. | TOWN OF SAHUARITA | \$ | 38,200 |
| 18 | 21. | CITY OF PHOENIX | \$ | 455,100 |
| 19 | 22. | CITY OF SURPRISE | \$ | 159,800 |
| 20 | 23. | CITY OF SAN LUIS | \$ | 74,800 |
| 21 | 24. | CITY OF SCOTTSDALE | \$ | 137,100 |
| 22 | 25. | CITY OF FLAGSTAFF | \$ | 139,700 |
| 23 | 26. | CITY OF SOUTH TUCSON | \$ | 14,800 |
| 24 | 27. | CITY OF TEMPE | \$ | 196,600 |
| 25 | 28. | CITY OF MESA | \$ | 248,700 |
| 26 | 29. | CITY OF GLENDALE | \$ | 188,600 |
| 27 | 30. | CITY OF AVONDALE | \$ | 59,700 |
| 28 | 31. | CITY OF APACHE JUNCTION | \$ | 59,500 |
| 29 | 32. | CITY OF PEORIA | \$ | 131,400 |
| 30 | 33. | CITY OF TOLLESON | \$ | 86,800 |
| 31 | 34. | CITY OF GLOBE | \$ | 26,300 |
| 32 | 35. | CITY OF CHANDLER | \$ | 196,900 |
| 33 | 36. | CITY OF YUMA | \$ | 220,900 |
| 34 | 37. | TOWN OF THATCHER | \$ | 26,000 |

35 B. NOT LATER THAN JANUARY 15 OF EACH YEAR, THE STATE TREASURER
36 SHALL ANNUALLY BILL EACH CITY, TOWN AND COUNTY SPECIFIED IN SUBSECTION A
37 OF THIS SECTION THE AMOUNT DUE. THE STATE TREASURER SHALL INCLUDE IN EACH
38 BILLING STATEMENT THE CITY'S, TOWN'S OR COUNTY'S REMAINING PAYMENT
39 SCHEDULE.

40 C. NOTWITHSTANDING THE REPAYMENT SCHEDULE AND BILLING PROVISIONS
41 PRESCRIBED IN SUBSECTIONS A AND B OF THIS SECTION, ON REQUEST OF A CITY,
42 TOWN OR COUNTY SPECIFIED IN SUBSECTION A OF THIS SECTION, THE STATE
43 TREASURER SHALL ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE CITY,
44 TOWN OR COUNTY TO ESTABLISH AN ACCELERATED REPAYMENT SCHEDULE. NOT LATER
45 THAN JANUARY 15 OF EACH YEAR, THE STATE TREASURER SHALL BILL THE CITY,

1 TOWN OR COUNTY FOR THE AMOUNT PRESCRIBED IN THE INTERGOVERNMENTAL
2 AGREEMENT AND MAY NOT BILL THE CITY, TOWN OR COUNTY PURSUANT TO SUBSECTION
3 B OF THIS SECTION. THE INTERGOVERNMENTAL AGREEMENT MUST INCLUDE THE
4 FOLLOWING:

5 1. THE TOTAL AMOUNT TO BE PAID BY THE CITY, TOWN OR COUNTY TO THIS
6 STATE, WHICH IS EQUAL TO THE AMOUNT PRESCRIBED FOR THE CITY, TOWN OR
7 COUNTY SPECIFIED IN SUBSECTION A OF THIS SECTION MULTIPLIED BY TEN.

8 2. THE ANNUAL PAYMENT FROM THE CITY, TOWN OR COUNTY TO THIS STATE,
9 WHICH MAY NOT BE LESS THAN THE AMOUNT PRESCRIBED FOR THE CITY, TOWN OR
10 COUNTY SPECIFIED IN SUBSECTION A OF THIS SECTION.

11 3. THE NUMBER AND AMOUNT OF ANNUAL PAYMENTS DUE UNDER THE
12 INTERGOVERNMENTAL AGREEMENT. ANNUAL PAYMENTS SHALL BEGIN FROM AND AFTER
13 JUNE 30, 2025 AND BE MADE IN CONSECUTIVE YEARS.

14 D. PAYMENTS MADE BY A CITY, TOWN OR COUNTY TO THIS STATE PURSUANT
15 TO AN INTERGOVERNMENTAL AGREEMENT ENTERED INTO PURSUANT TO SUBSECTION C OF
16 THIS SECTION ARE PAYMENTS REQUIRED BY A CONTRACTUAL LONG-TERM OBLIGATION
17 UNDER ARTICLE IX, SECTION 20, SUBSECTION 3, PARAGRAPH (d), SUBDIVISION
18 (i), CONSTITUTION OF ARIZONA, AND ARE EXCLUDED FROM THE CITY'S, TOWN'S OR
19 COUNTY'S EXPENDITURE LIMITATION ESTABLISHED PURSUANT TO ARTICLE IX,
20 SECTION 20, CONSTITUTION OF ARIZONA.

21 E. ON ENTERING INTO AN INTERGOVERNMENTAL AGREEMENT PURSUANT TO
22 SUBSECTION C OF THIS SECTION, THE STATE TREASURER SHALL REPORT THE
23 FOLLOWING TO THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF
24 REPRESENTATIVES, THE CHAIRPERSONS OF THE APPROPRIATIONS COMMITTEES IN THE
25 SENATE AND THE HOUSE OF REPRESENTATIVES, THE JOINT LEGISLATIVE BUDGET
26 COMMITTEE AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING:

27 1. THE CITY, TOWN OR COUNTY THAT ENTERED INTO AN INTERGOVERNMENTAL
28 AGREEMENT.

29 2. THE PROVISIONS OF THE INTERGOVERNMENTAL AGREEMENT WITH THAT
30 CITY, TOWN OR COUNTY AS PRESCRIBED IN SUBSECTION C OF THIS SECTION.

31 F. IF A CITY, TOWN OR COUNTY SPECIFIED IN SUBSECTION A OF THIS
32 SECTION FAILS TO PAY THE ANNUAL REPAYMENT AMOUNT AS SPECIFIED IN
33 SUBSECTION A OF THIS SECTION OR IN THE INTERGOVERNMENTAL AGREEMENT
34 PURSUANT TO SUBSECTION C OF THIS SECTION IN FULL ON OR BEFORE MARCH 15,
35 THE STATE TREASURER SHALL WITHHOLD THE AMOUNT OWED FROM THE DISTRIBUTION
36 OF MONIES TO THE AFFECTED CITY, TOWN OR COUNTY PURSUANT TO SECTION 42-5029
37 AND CONTINUE TO WITHHOLD MONIES UNTIL THE ENTIRE ANNUAL REPAYMENT AMOUNT
38 HAS BEEN SATISFIED. ALL MONIES PAID TO THE STATE TREASURER OR WITHHELD BY
39 THE STATE TREASURER SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND
40 35-147, IN THE STATE GENERAL FUND.

41 Sec. 8. Delayed repeal

42 Section 38-824, Arizona Revised Statutes, as added by this act, is
43 repealed from and after June 30, 2036.

1 Sec. 9. Section 41-178, Arizona Revised Statutes, is amended to
2 read:

3 41-178. Distribution of notary bond fees

4 The state treasurer shall transmit, distribute or deposit all monies
5 received pursuant to section 41-126, subsection A, paragraphs 11 and 12 as
6 follows:

7 1. 1.31 percent for deposit in the resource center fund established
8 by and for the purposes of section 41-2402, subsection G.

9 2. 8.87 percent for deposit in the domestic violence services fund
10 established by section 36-3002.

11 3. 1.93 percent for deposit in the child abuse prevention fund
12 established by section 8-550.01.

13 4. 7.62 percent for proportional deposit in each county's law
14 library fund established by section 12-305, based on the number of
15 notaries commissioned per county.

16 5. 0.35 percent for deposit in the alternative dispute resolution
17 fund established by section 12-135.

18 6. ~~THROUGH JUNE 30, 2025, 23.79 percent for deposit in the elected~~
19 ~~officials' retirement plan fund established by section 38-802, which shall~~
20 ~~be distributed to the fund~~ TRANSMISSION TO THE PUBLIC SAFETY PERSONNEL
21 RETIREMENT SYSTEM'S BOARD'S OFFICE FOR DISTRIBUTION pursuant to section
22 38-810.

23 7. BEGINNING JULY 1, 2025, 23.79 PERCENT FOR TRANSMISSION TO THE
24 DEPARTMENT OF ADMINISTRATION FOR DISTRIBUTION PURSUANT TO SECTION 41-727.

25 ~~7.~~ 8. 17.07 percent for deposit in the judicial collection
26 enhancement fund established by section 12-113.

27 ~~8.~~ 9. 0.26 percent for deposit in the confidential intermediary
28 and fiduciary fund established by section 8-135.

29 ~~9.~~ 10. 31.29 percent for deposit in the notary bond fund
30 established by section 41-314.

31 ~~10.~~ 11. 7.51 percent shall be distributed to the county where the
32 notary is commissioned in the same manner as the ~~seven dollars~~ \$7 of the
33 time payment fee prescribed by section 12-116, subsection B.

34 Sec. 10. Title 41, chapter 4, article 3, Arizona Revised Statutes,
35 is amended by adding section 41-727, to read:

36 41-727. Court fees; distribution; definitions

37 A. BEGINNING JULY 1, 2025, THE DEPARTMENT SHALL BE CREDITED MONTHLY
38 WITH MONIES COLLECTED PURSUANT TO SECTION 12-119.01, SUBSECTION B,
39 PARAGRAPH 3, SECTION 12-120.31, SUBSECTION D, PARAGRAPH 3, SECTION
40 12-284.03, SUBSECTION A, PARAGRAPHS 11 AND 12, SECTION 22-281, SUBSECTION
41 C, PARAGRAPHS 6 AND 7 AND SECTION 41-178, PARAGRAPH 7. THE DEPARTMENT
42 SHALL SEPARATELY ACCOUNT FOR THE MONIES COLLECTED PURSUANT TO THIS
43 SUBSECTION AND SHALL DISTRIBUTE THE MONIES PURSUANT TO SUBSECTION B OF
44 THIS SECTION.

1 B. FOR FISCAL YEAR 2025-2026 AND EACH FISCAL YEAR THEREAFTER, THE
2 MONIES COLLECTED PURSUANT TO SUBSECTION A OF THIS SECTION SHALL BE
3 DISTRIBUTED AS FOLLOWS:

4 1. AS DETERMINED BY THE BOARD, IN AMOUNTS NECESSARY TO SATISFY THE
5 QUALIFIED GOVERNMENTAL EXCESS BENEFIT ARRANGEMENT ESTABLISHED PURSUANT TO
6 SECTION 38-803.01. IN DISTRIBUTING MONIES PURSUANT TO THIS PARAGRAPH, THE
7 DEPARTMENT MAY ALLOCATE MONIES TO THE BOARD OR TO EMPLOYERS IN ORDER TO
8 COMPLY WITH THE REQUIREMENTS OF SECTION 38-803.01.

9 2. AFTER DISTRIBUTING MONIES PURSUANT TO PARAGRAPH 1 OF THIS
10 SUBSECTION, ON OR BEFORE JUNE 30, THE DEPARTMENT SHALL TRANSFER ANY
11 REMAINING MONIES COLLECTED DURING A FISCAL YEAR TO THE STATE GENERAL FUND.

12 C. FOR THE PURPOSES OF THIS SECTION:

13 1. "BOARD" HAS THE SAME MEANING PRESCRIBED IN SECTION 38-801.

14 2. "EMPLOYER" HAS THE SAME MEANING PRESCRIBED IN SECTION 38-801.

15 Sec. 11. Section 42-5029, Arizona Revised Statutes, is amended to
16 read:

17 42-5029. Remission and distribution of monies; withholding;
18 definition

19 A. The department shall deposit, pursuant to sections 35-146 and
20 35-147, all revenues collected under this article and articles 4, 5 and 8
21 of this chapter pursuant to section 42-1116, separately accounting for:

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

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

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

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

29 5. Revenues collected pursuant to section 42-5010.01 and section
30 42-5155, subsection E.

31 6. Revenues collected pursuant to section 42-5061 from a remote
32 seller.

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

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

6 D. Of the monies designated as distribution base, the department
7 shall:

8 1. Pay twenty-five percent to the various incorporated
9 municipalities in this state in proportion to their population to be used
10 by the municipalities for any municipal purpose, except a municipality
11 shall use monies paid from revenues separately accounted for pursuant to
12 subsection A, paragraph 6 of this section and paid pursuant to this
13 paragraph for public safety before any other municipal purpose.

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

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

18 (b) The proportion that the distribution base monies collected
19 during the calendar month in each county under this article, section
20 42-5164, subsection B and section 42-5205, subsection B bear to the total
21 distribution base monies collected under this article, section 42-5164,
22 subsection B and section 42-5205, subsection B throughout the state for
23 the calendar month.

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

26 (a) Average the following proportions:

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

39 (ii) The proportion that the distribution base monies collected
40 during the calendar month in each county under this article, section
41 42-5164, subsection B and section 42-5205, subsection B bear to the total
42 distribution base monies collected under this article, section 42-5164,
43 subsection B and section 42-5205, subsection B throughout this state for
44 the calendar month.

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

12 4. After any distributions required by sections 42-5030,
13 42-5030.01, 42-5031, 42-5032, 42-5032.01 and 42-5032.02, and after making
14 any transfer to the water quality assurance revolving fund as required by
15 section 49-282, subsection B, credit the remainder of the monies
16 designated as distribution base to the state general fund. From this
17 amount the legislature shall annually appropriate to:

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

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

22 (c) The firearms safety and ranges fund established by section
23 17-273, \$50,000 derived from the taxes collected from the retail
24 classification pursuant to section 42-5061 for the current fiscal year.

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

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

43 2. After any transfer of monies pursuant to paragraph 1 of this
44 subsection, twelve per cent of the remaining monies collected during the
45 preceding month shall be transferred to the technology and research

1 initiative fund established by section 15-1648 to be distributed among the
2 universities for the purpose of investment in technology and
3 research-based initiatives.

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

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

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

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

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

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

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

31 (e) In fiscal year 2005-2006 and each fiscal year thereafter,
32 \$86,280,500.

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

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

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

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

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

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

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

18 (c) Forty per cent shall be allocated for maintenance and operation
19 purposes.

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

23 G. Notwithstanding subsection D of this section, if a court of
24 competent jurisdiction finally determines that tax monies distributed
25 under this section were illegally collected under this article or articles
26 5 and 8 of this chapter and orders the monies to be refunded to the
27 taxpayer, the department shall compute the amount of such monies that was
28 distributed to each city, town and county under this section. Each
29 city's, town's and county's proportionate share of the costs shall be
30 based on the amount of the original tax payment each municipality and
31 county received. Each month the state treasurer shall reduce the amount
32 otherwise distributable to the city, town and county under this section by
33 1/36 of the total amount to be recovered from the city, town or county
34 until the total amount has been recovered, but the monthly reduction for
35 any city, town or county shall not exceed ten percent of the full monthly
36 distribution to that entity. The reduction shall begin for the first
37 calendar month after the final disposition of the case and shall continue
38 until the total amount, including interest and costs, has been recovered.

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

1 state treasurer shall continue to withhold and deposit the monies until
2 the greater Arizona development authority certifies to the state treasurer
3 that the default has been cured. In no event may the state treasurer
4 withhold any amount that the defaulting political subdivision certifies to
5 the state treasurer and the authority as being necessary to make any
6 required deposits then due for the payment of principal and interest on
7 bonds of the political subdivision that were issued before the date of the
8 loan repayment agreement or bonds and that have been secured by a pledge
9 of distributions made pursuant to this section.

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

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

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

39 L. Except as otherwise provided by this subsection **AND SECTION**
40 **38-824, SUBSECTION F**, on notice from the attorney general pursuant to
41 section 41-194.01, subsection B, paragraph 1 that an ordinance,
42 regulation, order or other official action adopted or taken by the
43 governing body of a county, city or town violates state law or the
44 Constitution of Arizona, the state treasurer shall withhold the
45 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. For the purposes of this section, "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.

Sec. 12. Appropriation; elected officials' retirement plan; pension liability

A. In addition to any other appropriations made in fiscal year 2024-2025, the sum of \$604,013,100 is appropriated from the budget stabilization fund established by section 35-144, Arizona Revised Statutes, in fiscal year 2024-2025 to the elected officials' retirement plan fund established by section 38-802, Arizona Revised Statutes, to pay the unfunded accrued liability for the elected officials' retirement plan.

B. The board of trustees of the public safety personnel retirement system shall account for the appropriation made in subsection A of this section in the June 30, 2025 actuarial valuation of the elected officials' retirement plan. The board shall account for the appropriation when calculating the employee contribution rates and the employer contribution rates pursuant to section 38-810, Arizona Revised Statutes, as amended by this act, during fiscal year 2025-2026.

Sec. 13. Appropriation reductions; department of administration; fiscal year 2025-2026

A. The sum of (\$3,000,000) is reduced from appropriations made from the state general fund in fiscal year 2025-2026 to the department of administration. This reduction shall be applied to monies the department of administration distributes to counties for required employer contributions to the elected officials' retirement plan.

B. The sum of (\$9,488,300) is reduced from appropriations made from the state general fund in fiscal year 2025-2026 to the judiciary—superior court judges' compensation line item.

C. The sum of (\$3,115,900) is reduced from appropriations made from the state general fund in fiscal year 2025-2026 to the judiciary—court of appeals as follows:

1 1. (\$2,114,400) division one line item.

2 2. (\$1,001,500) division two line item.

3 D. The following sums are reduced from appropriations made from the
4 state general fund in fiscal year 2025-2026 to the following agencies'
5 operating lump sum appropriation line item:

| | | |
|---|---------------------|-------------|
| 6 | 1. Attorney general | (\$ 52,700) |
|---|---------------------|-------------|

| | | |
|---|---------------------------|-------------|
| 7 | 2. Corporation commission | (\$232,800) |
|---|---------------------------|-------------|

| | | |
|---|---|-------------|
| 8 | 3. Superintendent of public instruction | (\$ 49,800) |
|---|---|-------------|

| | | |
|---|---------------------------|-------------|
| 9 | 4. Office of the governor | (\$ 55,600) |
|---|---------------------------|-------------|

| | | |
|----|------------------------------|-------------|
| 10 | 5. Judiciary – supreme court | (\$844,600) |
|----|------------------------------|-------------|

| | | |
|----|-------------------------|-------------|
| 11 | 6. Legislature – senate | (\$421,700) |
|----|-------------------------|-------------|

12 7. Legislature – house of representatives (\$843,400)

| | | |
|----|-------------------------|-------------|
| 13 | 8. State mine inspector | (\$ 29,300) |
|----|-------------------------|-------------|

14 9. Department of state – secretary of state (\$ 41,000)

| | | |
|----|---------------------|-------------|
| 15 | 10. State treasurer | (\$ 41,000) |
|----|---------------------|-------------|

16 Sec. 14. Emergency

17 This act is an emergency measure that is necessary to preserve the
18 public peace, health or safety and is operative immediately as provided by
19 law.