

Senate Engrossed

2026-2027; revenue

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SENATE BILL 1844

AN ACT

AMENDING SECTION 42-5041, ARIZONA REVISED STATUTES; RELATING TO TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 42-5041, Arizona Revised Statutes, is amended to
3 read:

4 42-5041. Assessment of fees; integrated tax system
5 modernization project; fund

6 A. From and after June 30, 2022 through June 30, ~~2028~~ 2029, the
7 department shall assess and collect fees from counties, cities, towns,
8 councils of governments and regional transportation authorities as
9 determined by the director and as provided by this section to implement an
10 integrated tax system modernization project at the department.

11 B. From and after June 30, 2022 through June 30, ~~2028~~ 2029, a fee
12 is assessed to each county, city and town that receives state shared
13 revenues pursuant to section 42-5029 or 43-206, to each council of
14 governments that receives revenues pursuant to ~~section~~ SECTIONS 42-6105
15 AND 42-6105.01 and to each regional transportation authority located in a
16 county with a population of more than eight hundred thousand persons that
17 receives revenues pursuant to section 42-6106.

18 C. The department shall assess the fees under ~~subsection~~
19 SUBSECTIONS A and B of this section not later than October 31 each year,
20 and the fees are payable immediately on assessment. If a county, city,
21 town, council of governments or regional transportation authority fails to
22 pay the fees in full on or before December 31, the department shall notify
23 the state treasurer who shall withhold the delinquent amount from the
24 distribution of monies to the affected county, city or town pursuant to
25 sections 42-5029 and 43-206, from the distribution of monies to the
26 affected council of governments pursuant to ~~section~~ SECTIONS 42-6105 AND
27 42-6105.01 and from the distribution of monies to the affected regional
28 transportation authority pursuant to section 42-6106, and who shall
29 continue to withhold monies until the entire amount of the assessment has
30 been satisfied.

31 D. Counties, cities and towns may meet their cost sharing
32 obligation from any source of county, city or town revenue designated by
33 the appropriate county, city or town. The county sources may include
34 monies of any countywide special taxing jurisdiction in which the board of
35 supervisors serves as the board of directors.

36 E. From and after June 30, 2022 through June 30, ~~2028~~ 2029,
37 pursuant to section 42-5029.02, the department shall transfer an amount
38 from monies collected pursuant to section 42-5010.01 and section 42-5155,
39 subsection E as determined by the director to implement the integrated tax
40 system modernization project at the department. The amount transferred
41 pursuant to this subsection shall be the actual reasonable costs incurred
42 by the department for integrated tax system modernization upgrades related
43 to the taxes authorized and levied pursuant to section 42-5010.01 and
44 section 42-5155, subsection E.

1 F. From and after June 30, 2022 through June 30, ~~2028~~ 2029,
2 pursuant to section 36-2856, subsection B, paragraph 2, the state
3 treasurer shall transfer an amount from monies collected pursuant to
4 section 42-5452 as determined by the director to implement the integrated
5 tax system modernization project at the department. The amount
6 transferred pursuant to this subsection shall be the actual reasonable
7 costs incurred by the department for integrated tax system modernization
8 upgrades related to the tax authorized and levied by section 42-5452.

9 G. All monies paid to the department or withheld by the state
10 treasurer for the fees assessed pursuant to subsection B of this section
11 or transferred pursuant to subsections E and F of this section shall be
12 credited to the department of revenue integrated tax system project fund
13 established by subsection H of this section.

14 H. The department of revenue integrated tax system project fund is
15 established consisting of monies deposited IN or transferred to the fund
16 pursuant to this section. The director shall administer the fund. Monies
17 in the fund are subject to legislative appropriation. The director shall
18 use monies in the fund solely for the administrative, development and
19 other operating costs incurred in implementing the integrated tax system
20 modernization project at the department.

21 Sec. 2. Legislative intent

22 The legislature intends:

23 1. That in fiscal year 2026-2027 the fee prescribed in section
24 42-5041, subsection B, Arizona Revised Statutes, as amended by this act,
25 be assessed and collected pursuant to the following guidelines:

26 (a) The total amount of fees for all counties, cities, towns,
27 councils of governments and regional transportation authorities may not
28 exceed \$6,286,300 in fiscal year 2026-2027.

29 (b) The share of fees assessed to all counties pursuant to
30 subdivision (a) of this paragraph shall be in proportion to the aggregate
31 amount of monies distributed to counties for the fiscal year two years
32 preceding the current fiscal year pursuant to sections 42-5029, 42-6103,
33 42-6107, 42-6108, 42-6108.01, 42-6109, 42-6109.01, 42-6110, 42-6111 and
34 42-6112, Arizona Revised Statutes, as a percentage of aggregate
35 distributions to all counties, cities, towns, councils of governments and
36 regional transportation authorities located in a county with a population
37 of more than eight hundred thousand persons for the fiscal year two years
38 preceding the current fiscal year pursuant to sections 42-5029, 42-6001,
39 42-6103, 42-6105, 42-6105.01, 42-6106, 42-6107, 42-6108, 42-6108.01,
40 42-6109, 42-6109.01, 42-6110, 42-6111, 42-6112 and 43-206, Arizona Revised
41 Statutes.

42 (c) The share of fees assessed to all cities and towns pursuant to
43 subdivision (a) of this paragraph shall be in proportion to the aggregate
44 amount of monies distributed to cities and towns for the fiscal year two
45 years preceding the current fiscal year pursuant to sections 42-5029,

1 42-6001 and 43-206, Arizona Revised Statutes, as a percentage of aggregate
2 distributions to all counties, cities, towns, councils of governments and
3 regional transportation authorities located in a county with a population
4 of more than eight hundred thousand persons for the fiscal year two years
5 preceding the current fiscal year pursuant to sections 42-5029, 42-6001,
6 42-6103, 42-6105, 42-6105.01, 42-6106, 42-6107, 42-6108, 42-6108.01,
7 42-6109, 42-6109.01, 42-6110, 42-6111, 42-6112 and 43-206, Arizona Revised
8 Statutes.

9 (d) The share of fees assessed to all councils of governments
10 pursuant to subdivision (a) of this paragraph shall be in proportion to
11 the aggregate amount of monies distributed to all councils of governments
12 for the fiscal year two years preceding the current fiscal year pursuant
13 to section 42-6105, Arizona Revised Statutes, as a percentage of aggregate
14 distributions to all counties, cities, towns, councils of governments and
15 regional transportation authorities located in a county with a population
16 of more than eight hundred thousand persons for the fiscal year two years
17 preceding the current fiscal year pursuant to sections 42-5029, 42-6001,
18 42-6103, 42-6105, 42-6105.01, 42-6106, 42-6107, 42-6108, 42-6108.01,
19 42-6109, 42-6109.01, 42-6110, 42-6111, 42-6112 and 43-206, Arizona Revised
20 Statutes.

21 (e) The share of fees assessed to all regional transportation
22 authorities located in a county with a population of more than eight
23 hundred thousand persons pursuant to subdivision (a) of this paragraph
24 shall be in proportion to the aggregate amount of monies distributed to
25 all regional transportation authorities located in a county with a
26 population of more than eight hundred thousand persons for the fiscal year
27 two years preceding the current fiscal year pursuant to section 42-6106,
28 Arizona Revised Statutes, as a percentage of aggregate distributions to
29 all counties, cities, towns, councils of governments and regional
30 transportation authorities located in a county with a population of more
31 than eight hundred thousand persons for the fiscal year two years
32 preceding the current fiscal year pursuant to sections 42-5029, 42-6001,
33 42-6103, 42-6105, 42-6105.01, 42-6106, 42-6107, 42-6108, 42-6108.01,
34 42-6109, 42-6109.01, 42-6110, 42-6111, 42-6112 and 43-206, Arizona Revised
35 Statutes.

36 (f) Except as provided by sections 42-5033 and 42-5033.01, Arizona
37 Revised Statutes, the population of a county as determined by the most
38 recent United States decennial census plus any revision to the decennial
39 census certified by the United States census bureau shall be used as the
40 basis for apportioning monies pursuant to subdivision (b) of this
41 paragraph.

42 (g) Except as provided by sections 42-5033 and 42-5033.01, Arizona
43 Revised Statutes, the population of a city or town as determined by the
44 most recent United States decennial census plus any revision to the
45 decennial census certified by the United States census bureau shall be

1 used as the basis for apportioning monies pursuant to subdivision (c) of
2 this paragraph.

3 2. That in fiscal year 2026-2027 the transfer prescribed in section
4 42-5041, subsection E, Arizona Revised Statutes, as amended by this act,
5 not exceed \$762,300.

6 3. That in fiscal year 2026-2027 the transfer prescribed in section
7 42-5041, subsection F, Arizona Revised Statutes, as amended by this act,
8 not exceed \$169,800.

9 4. That in fiscal year 2026-2027, the aggregate amount of monies
10 distributed pursuant to sections 42-6105 and 42-6105.01, Arizona Revised
11 Statutes, is the aggregate amount of monies distributed during fiscal
12 years 2024-2025 and 2025-2026 pursuant to section 42-6105, Arizona Revised
13 Statutes, and the aggregate amount of monies distributed during fiscal
14 year 2025-2026 pursuant to section 42-6105.01, Arizona Revised Statutes.

15 5. That in fiscal year 2027-2028, the aggregate amount of monies
16 distributed pursuant to sections 42-6105 and 42-6105.01, Arizona Revised
17 Statutes, is the aggregate amount of monies distributed during fiscal year
18 2025-2026 pursuant to section 42-6105, Arizona Revised Statutes, and the
19 aggregate amount of monies distributed during fiscal years 2025-2026 and
20 2026-2027 pursuant to section 42-6105.01, Arizona Revised Statutes.