

State of Arizona  
Senate  
Fifty-second Legislature  
First Regular Session  
2015

**CHAPTER 10**  
**SENATE BILL 1471**

AN ACT

AMENDING SECTION 20-224, ARIZONA REVISED STATUTES; REPEALING TITLE 23, CHAPTER 4, ARTICLE 5.2, ARIZONA REVISED STATUTES; AMENDING SECTIONS 41-1541, 41-1544, 42-5029 AND 42-5030, ARIZONA REVISED STATUTES; AMENDING TITLE 42, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 42-5041; AMENDING SECTION 42-6204, ARIZONA REVISED STATUTES; AMENDING LAWS 2010, CHAPTER 321, SECTION 11; AMENDING LAWS 2000, CHAPTER 383, SECTION 10, AS AMENDED BY LAWS 2002, CHAPTER 264, SECTION 4, LAWS 2007, CHAPTER 293, SECTION 3 AND LAWS 2011, SECOND SPECIAL SESSION, CHAPTER 1, SECTION 126; AMENDING LAWS 2013, FIRST SPECIAL SESSION, CHAPTER 9, SECTION 16, AS AMENDED BY LAWS 2014, CHAPTER 9, SECTION 2; AMENDING LAWS 2014, CHAPTER 9, SECTION 11; RELATING TO REVENUE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 20-224, Arizona Revised Statutes, is amended to  
3 read:

4 20-224. Premium tax; reports

5 A. On or before March 1 of each year each authorized domestic insurer,  
6 each other insurer and each formerly authorized insurer referred to in  
7 section 20-206, subsection B shall file with the director a report in a form  
8 prescribed by the director showing total direct premium income including  
9 policy membership and other fees and all other considerations for insurance  
10 from all classes of business whether designated as a premium or otherwise  
11 received by it during the preceding calendar year on account of policies and  
12 contracts covering property, subjects or risks located, resident or to be  
13 performed in this state, after deducting from such total direct premium  
14 income applicable cancellations, returned premiums, the amount of reduction  
15 in or refund of premiums allowed to industrial life policyholders for payment  
16 of premiums direct to an office of the insurer and all policy dividends,  
17 refunds, savings coupons and other similar returns paid or credited to  
18 policyholders within this state and not reapplied as premiums for new,  
19 additional or extended insurance. No deduction shall be made of the cash  
20 surrender values of policies or contracts. Considerations received on  
21 annuity contracts, as well as the unabsorbed portion of any premium deposit,  
22 shall not be included in total direct premium income, and neither shall be  
23 subject to tax. The report shall separately indicate the total direct fire  
24 insurance premium income received from property located in the incorporated  
25 cities and towns certified by the state fire marshal pursuant to section  
26 9-951, subsection B, as procuring the services of a private fire company.

27 B. Coincident with the filing of such tax report each insurer shall  
28 pay to the director for deposit, pursuant to sections 35-146 and 35-147, a  
29 tax of 2.0 ~~per cent~~ PERCENT of such net premiums, except that the tax on fire  
30 insurance premiums on property located in an incorporated city or town  
31 certified by the state fire marshal pursuant to section 9-951, subsection B,  
32 as procuring the services of a private fire company is .66 ~~per cent~~ PERCENT,  
33 the tax on all other fire insurance premiums is 2.2 ~~per cent~~ PERCENT and the  
34 tax on health care service and disability insurance premiums is as prescribed  
35 under sections 20-837, 20-1010 and 20-1060. Any payments of tax pursuant to  
36 subsection E of this section shall be deducted from the tax payable pursuant  
37 to this subsection. Each insurer shall reflect the cost savings attributable  
38 to the lower tax in fire insurance premiums charged on property located in an  
39 incorporated city or town certified by the state fire marshal pursuant to  
40 section 9-951, subsection B, as procuring the services of a private fire  
41 company. No insurer shall be liable to the state or to any other person, or  
42 shall be subject to regulatory action, relating to the calculation or  
43 submittal of fire insurance premium taxes based in good faith ~~upon~~ ON the  
44 state fire marshal's certification.

45 C. Eighty-five ~~per cent~~ PERCENT of the tax paid under this section by  
46 an insurer on account of premiums received for fire insurance shall be

1 separately specified in the report and shall be apportioned in the manner  
2 provided by sections 9-951, 9-952 and 9-972, except that all of the tax so  
3 allocated to a fund of a municipality or fire district that has no volunteer  
4 ~~fire fighters~~ FIREFIGHTERS or pension obligations to volunteer ~~fire fighters~~  
5 FIREFIGHTERS shall be appropriated to the account of the municipality or fire  
6 district in the public safety personnel retirement system and all of the tax  
7 so allocated to a fund of a municipality or fire district that has both  
8 full-time paid ~~fire fighters~~ FIREFIGHTERS and volunteer ~~fire fighters~~  
9 FIREFIGHTERS or pension obligations to full-time paid ~~fire fighters~~  
10 FIREFIGHTERS or volunteer ~~fire fighters~~ FIREFIGHTERS shall be appropriated to  
11 the account of the municipality or fire district in the public safety  
12 personnel retirement system where it shall be reallocated by actuarial  
13 procedures proportionately to the municipality or fire district for the  
14 account of the full-time paid ~~fire fighters~~ FIREFIGHTERS and to the  
15 municipality or fire district for the account of the volunteer ~~fire fighters~~  
16 FIREFIGHTERS. A municipality or fire district shall provide to the public  
17 safety personnel retirement system all information that the system deems  
18 necessary to perform the reallocation prescribed by this section. A full  
19 accounting of such reallocation shall be forwarded to the municipality or  
20 fire district and their local boards.

21 D. This section shall not apply to title insurance, and such insurers  
22 shall be taxed as provided in section 20-1566.

23 E. Any insurer that paid or is required to pay a tax of two thousand  
24 dollars or more on net premiums received during the preceding calendar year,  
25 pursuant to subsection B of this section and sections 20-224.01, 20-837,  
26 20-1010, 20-1060 and 20-1097.07, shall file on or before the fifteenth day of  
27 each month from March through August a report for that month, on a form  
28 prescribed by the director, accompanied by a payment in an amount equal to  
29 fifteen ~~per cent~~ PERCENT of the amount paid or required to be paid during the  
30 preceding calendar year pursuant to subsection B of this section and sections  
31 20-224.01, 20-837, 20-1010, 20-1060 and 20-1097.07. The payments are due and  
32 payable on or before the fifteenth day of each month and shall be made to the  
33 director for deposit, pursuant to sections 35-146 and 35-147.

34 F. Except for the tax paid on fire insurance premiums pursuant to  
35 subsections B and C of this section, an insurer may claim a premium tax  
36 credit if the insurer qualifies for a credit pursuant to section 20-224.03,  
37 20-224.04, 20-224.06 or 20-224.07.

38 G. On receipt of a properly documented claim, a refund shall be  
39 provided to an insurer from available funds for the excess amount of any fire  
40 insurance premium improperly paid by the insurer. The insurer shall reflect  
41 the refund in the fire insurance premiums charged on the property that was  
42 charged the excessive amount.

43 H. ON OR BEFORE SEPTEMBER 30 OF EACH YEAR, THE DIRECTOR OF INSURANCE  
44 SHALL REPORT TO THE DIRECTORS OF THE JOINT LEGISLATIVE BUDGET COMMITTEE AND  
45 THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING ON THE AMOUNT OF  
46 INSURANCE PREMIUM TAX CREDITS ESTABLISHED BY SECTIONS 20-224.02, 20-224.03,

1 20-224.04, 20-224.05, 20-224.06 AND 20-224.07 THAT WERE USED DURING THE  
2 PREVIOUS FISCAL YEAR.

3 Sec. 2. Delayed repeal

4 Title 23, chapter 4, article 5.2, Arizona Revised Statutes, is repealed  
5 from and after December 31, 2015.

6 Sec. 3. Section 41-1541, Arizona Revised Statutes, is amended to read:  
7 41-1541. Arizona job training program

8 A. The Arizona job training program is established in the Arizona  
9 commerce authority. The program shall provide training for specific  
10 employment opportunities with qualified new and expanding businesses and  
11 businesses undergoing economic conversion. ~~If job training employer tax~~  
12 ~~monies are deposited in the Arizona job training fund pursuant to section~~  
13 ~~23-769, the program may provide incumbent worker training.~~ The guidelines  
14 established pursuant to section 41-1543 shall provide additional weight for  
15 incumbent worker training applicants who demonstrate that incumbent worker  
16 trainees will receive an increase in compensation on completion of the  
17 training.

18 B. The chief executive officer shall implement the program and spend  
19 monies in the Arizona job training fund established by section 41-1544.

20 C. The authority, the business receiving monies for training and the  
21 provider of training shall design the training programs.

22 D. The business shall contribute monies or other appropriate  
23 resources, including technical assistance, machinery or training space, as  
24 follows:

25 1. For specific employment opportunities with qualified new and  
26 expanding businesses and businesses undergoing economic conversion, in an  
27 amount equal to at least twenty-five ~~per cent~~ PERCENT of the estimated cost  
28 of the proposed training.

29 2. For incumbent worker training, in an amount equal to at least fifty  
30 ~~per cent~~ PERCENT of the estimated cost of the proposed training.

31 E. The authority shall not be a direct provider of the training  
32 established pursuant to this article.

33 F. Training may be provided by the state community college system, a  
34 private postsecondary educational institution licensed under title 32,  
35 chapter 30, a community college operated by a tribal government or another  
36 qualified training provider.

37 G. Before a business currently operating in this state is eligible to  
38 receive training monies, the authority shall require the business to maintain  
39 or exceed its current level of training expenditures.

1           Sec. 4. Section 41-1544, Arizona Revised Statutes, is amended to read:  
2           41-1544. Arizona job training fund: definitions

3           A. The Arizona job training fund is established consisting of  
4 legislative appropriations, ~~monies deposited pursuant to section 23-769,~~  
5 gifts, grants and other monies. The authority shall administer the fund. On  
6 notice from the chief executive officer, the state treasurer shall invest and  
7 divest monies in the fund as provided by section 35-313, and monies earned  
8 from investment shall be credited to the fund.

9           B. The chief executive officer may accept and expend federal monies  
10 and private grants, gifts and contributions to assist in carrying out the  
11 purposes of this article. All monies for the program shall be expended only  
12 for the costs related to training, ~~except that the authority shall reimburse~~  
13 ~~the department of economic security for the development costs for~~  
14 ~~establishing a system to collect the job training employer tax imposed~~  
15 ~~pursuant to section 23-769 in an amount of not more than four hundred~~  
16 ~~thousand dollars and for incremental costs incurred by the department of~~  
17 ~~economic security relating to the collection of the job training employer tax~~  
18 ~~imposed pursuant to section 23-769.~~ Monies in the Arizona job training fund  
19 are exempt from the provisions of section 35-190 relating to lapsing of  
20 appropriations.

21           C. The Arizona job training fund monies shall be spent on approval of  
22 the authority at the direction of the chief executive officer in accordance  
23 with the guidelines and procedures adopted by the governor's council on  
24 workforce policy.

25           D. A minimum of twenty-five ~~per cent~~ PERCENT of the monies  
26 appropriated to the Arizona job training fund shall be used to provide  
27 training to small businesses employing fewer than one hundred employees.

28           E. A minimum of twenty-five ~~per cent~~ PERCENT of the monies  
29 appropriated to the Arizona job training fund shall be used to provide  
30 training to businesses located in rural areas of the state.

31           F. If a business receives monies for training from the Arizona job  
32 training fund and the business employs fewer than one hundred employees and  
33 is located in a rural area of this state, the business shall be included in  
34 the minimum percentages prescribed in subsections D and E of this section.

35           G. No more than fifty ~~per cent~~ PERCENT of the monies in the Arizona  
36 job training fund shall be used to provide incumbent worker training.

37           H. A single grant awarded pursuant to this article shall not be more  
38 than ten ~~per cent~~ PERCENT of the estimated annual total of monies deposited  
39 in the Arizona job training fund.

40           I. The authority shall not approve grant monies for reimbursement of  
41 the following employer costs:

42           1. Fringe benefits, food and beverages, recruitment and signing  
43 bonuses for trainees and trainers.

44           2. Employer costs to complete a program application.

45           3. Except for small businesses, training expenses for partners or  
46 corporate officers.

- 1           4. Employee relocation expenses.  
2           5. Training or course development costs that are not part of the  
3 employer's approved training plan.  
4           6. Costs for assessing the training needs of employees.  
5           7. Drug or other testing costs for employee screening or prescreening  
6 purposes.  
7           8. Costs for trade shows and conferences or seminars that do not  
8 result in a skill certificate that is earned by an employee.  
9           9. Other costs prohibited by rule.  
10          J. For the purposes of this section:  
11           1. "Rural area" means either:  
12           (a) A county with a population of less than seven hundred fifty  
13 thousand persons according to the most recent United States decennial census.  
14           (b) A census county division with less than fifty thousand persons in  
15 a county with a population of seven hundred fifty thousand or more persons  
16 according to the most recent United States decennial census.  
17           2. "Small business" means a concern, including its affiliates, that  
18 employs fewer than one hundred employees.  
19          Sec. 5. Section 42-5029, Arizona Revised Statutes, is amended to read:  
20          42-5029. Remission and distribution of monies; definition  
21          A. The department shall deposit, pursuant to sections 35-146 and  
22 35-147, all revenues collected under this article and articles 4, 5 and 8 of  
23 this chapter pursuant to section 42-1116, separately accounting for:  
24           1. Payments of estimated tax under section 42-5014, subsection D.  
25           2. Revenues collected pursuant to section 42-5070.  
26           3. Revenues collected under this article and article 5 of this chapter  
27 from and after June 30, 2000 from sources located on Indian reservations in  
28 this state.  
29           4. Revenues collected pursuant to section 42-5010, subsection G and  
30 section 42-5155, subsection D.  
31          B. The department shall credit payments of estimated tax to an  
32 estimated tax clearing account and each month shall transfer all monies in  
33 the estimated tax clearing account to a fund designated as the transaction  
34 privilege and severance tax clearing account. The department shall credit  
35 all other payments to the transaction privilege and severance tax clearing  
36 account, separately accounting for the monies designated as distribution base  
37 under sections 42-5010, 42-5164, 42-5205 and 42-5353. Each month the  
38 department shall report to the state treasurer the amount of monies collected  
39 pursuant to this article and articles 4, 5 and 8 of this chapter.  
40          C. On notification by the department, the state treasurer shall  
41 distribute the monies deposited in the transaction privilege and severance  
42 tax clearing account in the manner prescribed by this section and by sections  
43 42-5164, 42-5205 and 42-5353, after deducting warrants drawn against the  
44 account pursuant to sections 42-1118 and 42-1254.  
45          D. Of the monies designated as distribution base, **AND SUBJECT TO THE**  
46 **REQUIREMENTS OF SECTION 42-5041**, the department shall:

1           1. Pay twenty-five ~~per-cent~~ PERCENT to the various incorporated  
2 municipalities in this state in proportion to their population to be used by  
3 the municipalities for any municipal purpose.

4           2. Pay 38.08 ~~per-cent~~ PERCENT to the counties in this state by  
5 averaging the following proportions:

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

8           (b) The proportion that the distribution base monies collected during  
9 the calendar month in each county under this article, section 42-5164,  
10 subsection B, section 42-5205, subsection B and section 42-5353 bear to the  
11 total distribution base monies collected under this article, section 42-5164,  
12 subsection B, section 42-5205, subsection B and section 42-5353 throughout  
13 the state for the calendar month.

14          3. Pay an additional 2.43 ~~per-cent~~ PERCENT to the counties in this  
15 state as follows:

16          (a) Average the following proportions:

17          (i) The proportion that the assessed valuation used to determine  
18 secondary property taxes of each county, after deducting that part of the  
19 assessed valuation that is exempt from taxation at the beginning of the month  
20 for which the amount is to be paid, bears to the total assessed valuations  
21 used to determine secondary property taxes of all the counties after  
22 deducting that portion of the assessed valuations that is exempt from  
23 taxation at the beginning of the month for which the amount is to be paid.  
24 Property of a city or town that is not within or contiguous to the municipal  
25 corporate boundaries and from which water is or may be withdrawn or diverted  
26 and transported for use on other property is considered to be taxable  
27 property in the county for purposes of determining assessed valuation in the  
28 county under this item.

29          (ii) The proportion that the distribution base monies collected during  
30 the calendar month in each county under this article, section 42-5164,  
31 subsection B, section 42-5205, subsection B and section 42-5353 bear to the  
32 total distribution base monies collected under this article, section 42-5164,  
33 subsection B, section 42-5205, subsection B and section 42-5353 throughout  
34 the state for the calendar month.

35          (b) If the proportion computed under subdivision (a) of this paragraph  
36 for any county is greater than the proportion computed under paragraph 2 of  
37 this subsection, the department shall compute the difference between the  
38 amount distributed to that county under paragraph 2 of this subsection and  
39 the amount that would have been distributed under paragraph 2 of this  
40 subsection using the proportion computed under subdivision (a) of this  
41 paragraph and shall pay that difference to the county from the amount  
42 available for distribution under this paragraph. Any monies remaining after  
43 all payments under this subdivision shall be distributed among the counties  
44 according to the proportions computed under paragraph 2 of this subsection.

45          4. After any distributions required by sections 42-5030, 42-5030.01,  
46 42-5031, 42-5032, 42-5032.01 and 42-5032.02, and after making any transfer to

1 the water quality assurance revolving fund as required by section 49-282,  
2 subsection B, credit the remainder of the monies designated as distribution  
3 base to the state general fund. From this amount the legislature shall  
4 annually appropriate to:

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

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

9 (c) The firearms safety and ranges fund established by section 17-273,  
10 fifty thousand dollars derived from the taxes collected from the retail  
11 classification pursuant to section 42-5061 for the current fiscal year.

12 E. If approved by the qualified electors voting at a statewide general  
13 election, all monies collected pursuant to section 42-5010, subsection G and  
14 section 42-5155, subsection D shall be distributed each fiscal year pursuant  
15 to this subsection. The monies distributed pursuant to this subsection are  
16 in addition to any other appropriation, transfer or other allocation of  
17 public or private monies from any other source and shall not supplant,  
18 replace or cause a reduction in other school district, charter school,  
19 university or community college funding sources. The monies shall be  
20 distributed as follows:

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

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

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

41 4. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
42 subsection, one-twelfth of the amount a community college that is owned,  
43 operated or chartered by a qualifying Indian tribe on its own Indian  
44 reservation would receive pursuant to section 15-1472, subsection D,  
45 paragraph 2 if it were a community college district shall be distributed each  
46 month to the treasurer or other designated depository of a qualifying Indian



1 tribe. Monies distributed pursuant to this paragraph are for the exclusive  
2 purpose of providing support to one or more community colleges owned,  
3 operated or chartered by a qualifying Indian tribe and shall be used in a  
4 manner consistent with section 15-1472, subsection B. For the purposes of  
5 this paragraph, "qualifying Indian tribe" has the same meaning as defined in  
6 section 42-5031.01, subsection D.

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

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

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

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

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

16 (e) In fiscal year 2005-2006 and each fiscal year thereafter,  
17 \$86,280,500.

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

25 7. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
26 subsection, no more than seven million dollars may be appropriated by the  
27 legislature each fiscal year to the department of education to be used for  
28 accountability purposes as described in section 15-241 and title 15, chapter  
29 9, article 8.

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

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

38 10. After the payment of monies pursuant to paragraphs 1 through 9 of  
39 this subsection, the remaining monies collected during the preceding month  
40 shall be transferred to the classroom site fund established by section  
41 15-977. The monies shall be allocated as follows in the manner prescribed by  
42 section 15-977:

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

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

1 (c) Forty per cent shall be allocated for maintenance and operation  
2 purposes.

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

6 G. Notwithstanding subsection D of this section, if a court of  
7 competent jurisdiction finally determines that tax monies distributed under  
8 this section were illegally collected under this article or articles 5 and 8  
9 of this chapter and orders the monies to be refunded to the taxpayer, the  
10 department shall compute the amount of such monies that was distributed to  
11 each city, town and county under this section. Each city's, town's and  
12 county's proportionate share of the costs shall be based on the amount of the  
13 original tax payment each municipality and county received. Each month the  
14 state treasurer shall reduce the amount otherwise distributable to the city,  
15 town and county under this section by one thirty-sixth of the total amount to  
16 be recovered from the city, town or county until the total amount has been  
17 recovered, but the monthly reduction for any city, town or county shall not  
18 exceed ten per cent of the full monthly distribution to that entity. The  
19 reduction shall begin for the first calendar month after the final  
20 disposition of the case and shall continue until the total amount, including  
21 interest and costs, has been recovered.

22 H. On receiving a certificate of default from the greater Arizona  
23 development authority pursuant to section 41-2257 or 41-2258 and to the  
24 extent not otherwise expressly prohibited by law, the state treasurer shall  
25 withhold from the next succeeding distribution of monies pursuant to this  
26 section due to the defaulting political subdivision the amount specified in  
27 the certificate of default and immediately deposit the amount withheld in the  
28 greater Arizona development authority revolving fund. The state treasurer  
29 shall continue to withhold and deposit the monies until the greater Arizona  
30 development authority certifies to the state treasurer that the default has  
31 been cured. In no event may the state treasurer withhold any amount that the  
32 defaulting political subdivision certifies to the state treasurer and the  
33 authority as being necessary to make any required deposits then due for the  
34 payment of principal and interest on bonds of the political subdivision that  
35 were issued before the date of the loan repayment agreement or bonds and that  
36 have been secured by a pledge of distributions made pursuant to this section.

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

42 J. Except as otherwise provided by this subsection, on notice from the  
43 department of revenue pursuant to section 42-6010, subsection B, the state  
44 treasurer shall withhold from the distribution of monies pursuant to this  
45 section to the affected city or town the amount of the penalty for business  
46 location municipal tax incentives provided by the city or town to a business

1 entity that locates a retail business facility in the city or town. The  
2 state treasurer shall continue to withhold monies pursuant to this subsection  
3 until the entire amount of the penalty has been withheld. The state  
4 treasurer shall credit any monies withheld pursuant to this subsection to the  
5 state general fund as provided by subsection D, paragraph 4 of this section.  
6 The state treasurer shall not withhold any amount that the city or town  
7 certifies to the department of revenue and the state treasurer as being  
8 necessary to make any required deposits or payments for debt service on bonds  
9 or other long-term obligations of the city or town that were issued or  
10 incurred before the location incentives provided by the city or town.

11 K. On notice from the auditor general pursuant to section 9-626,  
12 subsection D, the state treasurer shall withhold from the distribution of  
13 monies pursuant to this section to the affected city the amount computed  
14 pursuant to section 9-626, subsection D. The state treasurer shall continue  
15 to withhold monies pursuant to this subsection until the entire amount  
16 specified in the notice has been withheld. The state treasurer shall credit  
17 any monies withheld pursuant to this subsection to the state general fund as  
18 provided by subsection D, paragraph 4 of this section.

19 L. For the purposes of this section, "community college district"  
20 means a community college district that is established pursuant to sections  
21 15-1402 and 15-1403 and that is a political subdivision of this state and,  
22 unless otherwise specified, includes a community college district established  
23 pursuant to section 15-1402.01 and a provisional community college district  
24 established pursuant to section 15-1409.

25 Sec. 6. Section 42-5030, Arizona Revised Statutes, is amended to read:  
26 42-5030. Transfers to the Arizona convention center development  
27 fund; distributions

28 A. At the same time as the first distributions each fiscal year  
29 pursuant to section 42-5029, the department shall credit to the Arizona  
30 convention center development fund established by title 9, chapter 6, article  
31 1 the amounts determined pursuant to this section.

32 B. The department shall credit twenty million dollars in each fiscal  
33 year until a certification of completion of construction is filed with the  
34 state treasurer pursuant to section 9-622. In each fiscal year thereafter,  
35 the department shall credit the amounts computed pursuant to subsection C of  
36 this section to the Arizona convention center development fund for each  
37 eligible project as described in section 9-605.

38 C. The amount distributed pursuant to subsection B of this section  
39 shall be computed by dividing the total cost of the eligible project not  
40 funded from municipal sources as identified in the certificate of completion  
41 of construction filed pursuant to section 9-622 by three hundred million and  
42 multiplying the quotient by the ~~following amounts:~~

- 43 ~~1. In the first fiscal year, twenty-five million dollars.~~
- 44 ~~2. In the second fiscal year, thirty million dollars.~~
- 45 ~~3. In the third fiscal year, thirty-five million dollars.~~
- 46 ~~4. In the fourth fiscal year, forty million dollars.~~

1           ~~5. In the fifth fiscal year and each of the next thirty fiscal years,~~  
2 ~~the amount distributed in the preceding fiscal year plus one million dollars,~~  
3 ~~except that the amount distributed shall not exceed sixty million dollars in~~  
4 ~~any fiscal year~~ AMOUNT PRESCRIBED IN SECTION 9-602, SUBSECTION D.

5           D. If the chief financial officer of the eligible city certifies to  
6 the state treasurer pursuant to section 9-602 that no additional  
7 distributions are required from the Arizona convention center development  
8 fund for an eligible project, the department shall make no further transfers  
9 to the fund for that project.

10          Sec. 7. Title 42, chapter 5, article 1, Arizona Revised Statutes, is  
11 amended by adding section 42-5041, to read:

12           42-5041. Partial assessment of costs to local government

13           A. FROM AND AFTER JUNE 30, 2015, THE DEPARTMENT SHALL ASSESS AND  
14 COLLECT FEES FROM CITIES, TOWNS AND COUNTIES AS DETERMINED BY THE DIRECTOR  
15 AND AS PROVIDED BY THIS SECTION TO RECOVER A PORTION OF ADMINISTRATIVE,  
16 PROGRAM AND OTHER OPERATING COSTS INCURRED IN PROVIDING ADMINISTRATIVE AND  
17 COLLECTION SERVICES TO LOCAL GOVERNMENTS.

18           B. FROM AND AFTER JUNE 30, 2015, A FEE IS ASSESSED TO EACH COUNTY,  
19 CITY AND TOWN THAT RECEIVES STATE SHARED REVENUES PURSUANT TO SECTIONS  
20 42-5029 AND 43-206.

21           C. IN FISCAL YEAR 2015-2016, A FEE IS ASSESSED TO EACH CITY AND TOWN  
22 FOR WHICH THE DEPARTMENT DOES NOT ADMINISTER AND COLLECT TRANSACTION  
23 PRIVILEGE TAXES PURSUANT TO CHAPTER 6, ARTICLE 1 OF THIS TITLE.

24           D. THE DEPARTMENT SHALL ASSESS THE FEES UNDER THIS SECTION NOT LATER  
25 THAN JULY 31 EACH YEAR, AND THE FEES ARE PAYABLE IMMEDIATELY ON  
26 ASSESSMENT. IF A COUNTY, CITY OR TOWN FAILS TO PAY THE ASSESSMENT IN FULL ON  
27 OR BEFORE SEPTEMBER 30, THE DEPARTMENT SHALL NOTIFY THE STATE TREASURER WHO  
28 SHALL WITHHOLD THE DELINQUENT AMOUNT FROM THE DISTRIBUTION OF MONIES TO THE  
29 AFFECTED COUNTY, CITY OR TOWN PURSUANT TO SECTION 42-5029 AND CONTINUE TO  
30 WITHHOLD MONIES UNTIL THE ENTIRE AMOUNT OF THE ASSESSMENT HAS BEEN SATISFIED.

31           E. ALL MONIES PAID TO THE DEPARTMENT OR WITHHELD BY THE STATE  
32 TREASURER FOR THE PURPOSES PRESCRIBED IN SUBSECTIONS A AND B OF THIS SECTION  
33 SHALL BE CREDITED TO THE DEPARTMENT OF REVENUE ADMINISTRATIVE FUND  
34 ESTABLISHED BY SECTION 42-1116.01.

35           F. ALL MONIES PAID TO THE DEPARTMENT OR WITHHELD BY THE STATE  
36 TREASURER FOR THE PURPOSES PRESCRIBED IN SUBSECTION C OF THIS SECTION SHALL  
37 BE CREDITED TO THE DEPARTMENT OF REVENUE IGA AND ISA FUND ESTABLISHED  
38 PURSUANT TO SECTION 35-142.

39           G. COUNTIES, CITIES AND TOWNS MAY MEET THEIR COST SHARING OBLIGATION  
40 FROM ANY SOURCE OF COUNTY, CITY OR TOWN REVENUE DESIGNATED BY THE APPROPRIATE  
41 COUNTY, CITY OR TOWN. THE COUNTY SOURCES MAY INCLUDE MONIES OF ANY  
42 COUNTYWIDE SPECIAL TAXING JURISDICTION IN WHICH THE BOARD OF SUPERVISORS  
43 SERVES AS THE BOARD OF DIRECTORS.

44           H. COUNTY, CITY AND TOWN CONTRIBUTIONS MADE PURSUANT TO THIS SECTION  
45 ARE EXCLUDED FROM THE APPLICABLE EXPENDITURE LIMITATIONS.

46          Sec. 8. Section 42-6204, Arizona Revised Statutes, is amended to read:

1           42-6204. Payment; return; interest; penalty; reports

2           A. The taxes that are levied pursuant to this article are:

3           1. Due and payable to the county treasurer annually on or before  
4 December 1.

5           2. Delinquent if not paid on or before that date.

6           B. The prime lessee, if subject to the tax or qualified for an  
7 abatement under this article, shall submit a return to the county treasurer  
8 on a return form prescribed by the department of revenue and submit a copy of  
9 the return to the government lessor. If the prime lessee is exempt from the  
10 tax pursuant to section 42-6208, the prime lessee shall keep and maintain the  
11 information required in this subsection. The return form shall be made  
12 available by the county treasurer at least sixty days before the taxes are  
13 due and payable and shall include:

14           1. The name and address of the prime lessee.

15           2. The location of the government property improvement.

16           3. The amount of gross building space or number of parking garage or  
17 deck spaces. The prime lessee may submit an initial statement of gross  
18 building space that is certified by a person who is professionally  
19 credentialed in this state as an architect, general contractor, surveyor or  
20 appraiser and thereafter shall file an annual statement with the return,  
21 under penalty of perjury, that the gross building space is unchanged from the  
22 amount previously certified.

23           4. The date of the original certificate of occupancy.

24           5. The use or uses of the property.

25           6. If an abatement under section 42-6209 applies, a certification  
26 under penalty of perjury that all elements necessary to qualify for the  
27 abatement are satisfied for the year covered by the return.

28           7. Any other pertinent information that is required by the return  
29 form.

30           C. If any part of the tax is not paid before it becomes delinquent,  
31 interest accrues on the unpaid amount at the rate and in the manner  
32 prescribed by section 42-1123 until it is paid. Interest on overpayments  
33 accrues at the rate and in the manner prescribed by section 42-1123 until the  
34 refund is paid by the county treasurer.

35           D. The county treasurer shall assess and collect a penalty of five ~~per~~  
36 ~~cent~~ PERCENT of any part of the tax that is not paid before it becomes  
37 delinquent.

38           E. The county treasurer shall issue a receipt to the prime lessee for  
39 payments under this article.

40           F. On or before February 15 of each year, the county treasurer shall  
41 submit a report to:

42           1. The department of revenue of all returns and payments received for  
43 the preceding calendar year under this section. The report shall be in a  
44 form and contain data prescribed by the department of revenue.

45           2. Each government lessor of all returns and payments received for the  
46 preceding calendar year with respect to leases of government property

1 improvements owned by the government lessor. These reports shall contain the  
2 same data prescribed pursuant to paragraph 1 of this subsection.

3 3. THE JOINT LEGISLATIVE BUDGET COMMITTEE OF ALL RETURNS AND PAYMENTS  
4 RECEIVED FOR THE PRECEDING CALENDAR YEAR WITH RESPECT TO LEASES OF GOVERNMENT  
5 PROPERTY IMPROVEMENTS OWNED BY THE GOVERNMENT LESSOR. THESE REPORTS SHALL  
6 CONTAIN THE SAME DATA PRESCRIBED IN PARAGRAPH 1 OF THIS SUBSECTION.

7 G. The county treasurer is entitled to rely ~~upon~~ ON any information  
8 contained in any abatement certification described in subsection B, paragraph  
9 6 of this section unless the county treasurer has actual knowledge that the  
10 certification is inaccurate.

11 Sec. 9. Laws 2010, chapter 321, section 11 is amended to read:

12 Sec. 11. Review of government property lease excise tax rates

13 A. ~~By~~ ON OR BEFORE December 15, 2016, the joint legislative budget  
14 committee shall conduct an analysis to determine the effectiveness of the  
15 government property lease excise tax rates prescribed by section 42-6203,  
16 Arizona Revised Statutes, ~~as amended by this act~~. The analysis shall include  
17 consideration of:

18 1. The total ad valorem property tax revenues that would be produced  
19 by the properties to counties, cities and towns, community college districts  
20 and school districts if the properties were taxable.

21 2. The actual total annual amount of government property lease excise  
22 taxes collected and the amounts distributed to counties, cities and towns,  
23 community college districts and school districts.

24 3. The tax revenue previously being received from the vacant or  
25 underutilized property being redeveloped.

26 ~~4. Determine the average aggregate ad valorem property tax levy per  
27 square foot for the various property types listed in section 42-6203, Arizona  
28 Revised Statutes, as amended by this act, and compare that levy with the levy  
29 rates prescribed by section 42-6203, subsection B, Arizona Revised Statutes,  
30 as amended by this act.~~

31 B. THE JOINT LEGISLATIVE BUDGET COMMITTEE MAY USE A REPRESENTATIVE  
32 SAMPLE OF PROPERTIES TO CONDUCT THE ANALYSIS REQUIRED BY SUBSECTION A OF THIS  
33 SECTION.

34 ~~B.~~ C. The department of revenue AND EACH COUNTY shall cooperate with  
35 the joint legislative budget committee for the purposes of this section, and,  
36 ~~by~~ ON OR BEFORE October 1, 2015, THE DEPARTMENT OF REVENUE SHALL provide the  
37 joint legislative budget committee with the public database of all government  
38 property leases maintained pursuant to section 42-6202, Arizona Revised  
39 Statutes, ~~as amended by this act~~.

40 ~~C.~~ D. The joint legislative budget committee shall submit copies of  
41 its analysis pursuant to this section to:

42 1. The governor, the president of the senate and the speaker of the  
43 house of representatives.

44 2. The chairpersons of the house of representatives ways and means  
45 committee and the senate finance committee.

46 3. The secretary of state.

1 4. Any other person who requests a copy of the analysis.

2 Sec. 10. Laws 2000, chapter 383, section 10, as amended by Laws 2002,  
3 chapter 264, section 4, Laws 2007, chapter 293, section 3 and Laws 2011,  
4 second special session, chapter 1, section 126, is amended to read:

5 Sec. 10. Delayed repeal

6 A. Section 23-730.02, Arizona Revised Statutes, ~~and title 23, chapter~~  
7 ~~4, article 5.2, Arizona Revised Statutes, are~~ IS repealed from and after  
8 December 31, 2016.

9 B. Title 41, chapter 10, article 4, Arizona Revised Statutes, is  
10 repealed from and after December 31, 2016, at which time any unexpended or  
11 unencumbered monies in the Arizona job training fund attributable to the job  
12 training employer tax imposed pursuant to section 23-769, Arizona Revised  
13 Statutes, revert to the unemployment compensation fund established by section  
14 23-701, Arizona Revised Statutes, and any unexpended or unencumbered monies  
15 in the Arizona job training fund not attributable to the job training  
16 employer tax imposed pursuant to section 23-769, Arizona Revised Statutes,  
17 revert to the state general fund.

18 Sec. 11. Laws 2013, first special session, chapter 9, section 16, as  
19 amended by Laws 2014, chapter 9, section 2, is amended to read:

20 Sec. 16. Department receivership revolving fund; use; intent

21 A. Notwithstanding section 6-135.01, Arizona Revised Statutes, in  
22 fiscal years 2013-2014, ~~and~~ 2014-2015 AND 2015-2016, the superintendent of  
23 the department of financial institutions may use monies in the department  
24 receivership revolving fund established by section 6-135.01, Arizona Revised  
25 Statutes, for expenditures on an electronic licensing system.

26 B. It is the intent of the legislature that expenditures in fiscal  
27 years 2013-2014, ~~and~~ 2014-2015 AND 2015-2016 on an electronic licensing  
28 system as prescribed in subsection A of this section not exceed a total of  
29 \$850,000.

30 Sec. 12. Laws 2014, chapter 9, section 11 is amended to read:

31 Sec. 11. Arizona highway user revenue fund; distribution;  
32 fiscal years 2014-2015, 2015-2016 and 2016-2017

33 A. Notwithstanding any other law, before the distribution of revenues  
34 of the Arizona highway user revenue fund pursuant to section 28-6538, Arizona  
35 Revised Statutes, the department of transportation shall allocate and the  
36 state treasurer shall distribute \$30,000,000 in fiscal year 2014-2015,  
37 \$30,000,000 in fiscal year 2015-2016 and ~~\$60,000,000~~ \$30,000,000 in fiscal  
38 year 2016-2017 as follows:

39 1. To the counties, 33.231 ~~per-cent~~ PERCENT.

40 2. To the incorporated cities and towns, 48.097 ~~per-cent~~ PERCENT.

41 3. To incorporated cities with a population of three hundred thousand  
42 or more persons, 5.247 ~~per-cent~~ PERCENT.

43 4. To counties with a population of more than eight hundred thousand  
44 persons, 13.425 ~~per-cent~~ PERCENT.

45 B. The allocation and distribution made pursuant to subsection A,  
46 paragraphs 1, 2 and 3 of this section shall be made as prescribed in section

1 28-6540, Arizona Revised Statutes. The allocation and distribution made  
2 pursuant to subsection A, paragraph 4 of this section shall be made as  
3 prescribed in section 28-6538, subsection B, Arizona Revised Statutes.

4 C. The amounts appropriated in this section may be used only for the  
5 direct costs of constructing, reconstructing, maintaining or repair of public  
6 highways, streets or bridges and direct costs of rights-of-way acquisitions  
7 and expenses related thereto.

8 Sec. 13. Radiation regulatory agency; fees; increases; intent;  
9 rulemaking exemption

10 A. Notwithstanding any other law, the director of the radiation  
11 regulatory agency may increase fees in fiscal year 2015-2016 for services  
12 provided in fiscal year 2015-2016.

13 B. It is the intent of the legislature that the revenue generated by  
14 the fees collected pursuant to subsection A of this section not exceed  
15 \$561,000.

16 C. The radiation regulatory agency shall deposit monies received from  
17 any fees increased pursuant to subsection A of this section in the radiation  
18 regulatory fee fund established by section 30-658, Arizona Revised Statutes.

19 D. The radiation regulatory agency is exempt from the rulemaking  
20 requirements of title 41, chapter 6, Arizona Revised Statutes, for the  
21 purpose of increasing fees pursuant to this section until July 1, 2016.

22 Sec. 14. Agricultural fees; intent; rulemaking exemption

23 A. Notwithstanding any other law, the director of the Arizona  
24 department of agriculture, with the assistance of the department of  
25 agriculture advisory council, may continue existing fees from fiscal year  
26 2014-2015 in fiscal year 2015-2016 for services provided in fiscal year  
27 2015-2016.

28 B. It is the intent of the legislature that the additional revenue  
29 generated by the fees prescribed in subsection A of this section not exceed  
30 \$218,000 to the state general fund, \$113,000 to the pesticide trust fund  
31 established by section 3-350, Arizona Revised Statutes, and \$26,000 to the  
32 dangerous plants, pests and diseases trust fund established by section  
33 3-214.01, Arizona Revised Statutes, in fiscal year 2015-2016.

34 C. The Arizona department of agriculture is exempt from the rulemaking  
35 requirements of title 41, chapter 6, Arizona Revised Statutes, for the  
36 purpose of establishing fees pursuant to this section until July 1, 2016.

37 Sec. 15. Department of insurance; fee and assessment adjustment  
38 suspension

39 Notwithstanding section 20-167, subsection F, Arizona Revised Statutes,  
40 and section 20-466, subsection J, Arizona Revised Statutes, the director of  
41 insurance may not revise fees or assessments in fiscal year 2015-2016 for the  
42 purpose of meeting the requirement to recover at least ninety-five percent  
43 but not more than one hundred ten percent of the department of insurance's  
44 appropriated budget.

45 Sec. 16. Department of liquor licenses and control; fiscal year  
46 2014-2015; exemption



1 The appropriation of \$626,700 from the liquor licenses fund established  
2 by section 4-120, Arizona Revised Statutes, in fiscal year 2014-2015 to the  
3 department of liquor licenses and control for a licensing replacement system  
4 pursuant to Laws 2014, chapter 18, section 55 is exempt from the provisions  
5 of section 35-190, Arizona Revised Statutes, relating to lapsing of  
6 appropriations until June 30, 2016.

7 Sec. 17. Department of financial institutions; financial  
8 services fund

9 Notwithstanding any other law, the department of financial institutions  
10 may use the financial services fund established by section 6-991.21, Arizona  
11 Revised Statutes, for general operating expenditures of the department.

12 Sec. 18. County fiscal obligations; report

13 A. Notwithstanding any other law, for fiscal year 2015-2016, a county  
14 with a population of less than two hundred thousand persons according to the  
15 2010 United States decennial census may meet any county fiscal obligation  
16 from any source of county revenue designated by the county, including monies  
17 of any countywide special taxing jurisdiction in which the board of  
18 supervisors serves as the board of directors.

19 B. On or before October 1, 2015, all counties with a population of  
20 less than two hundred thousand persons according to the 2010 United States  
21 decennial census shall report to the director of the joint legislative budget  
22 committee whether the county used a revenue source to meet a county fiscal  
23 obligation pursuant to subsection A of this section and, if so, the specific  
24 source and amount of revenues that the county intends to use in fiscal year  
25 2015-2016.

26 Sec. 19. Tax recovery; report; delayed repeal; definitions

27 A. Notwithstanding title 42, chapter 1, article 3, Arizona Revised  
28 Statutes, the director of the department of revenue shall establish a tax  
29 recovery program as provided in this section.

30 B. If a taxpayer complies with the requirements of this section by  
31 applying to the department for recovery during the recovery period and  
32 complying with the applicable tax requirements in the time and manner  
33 prescribed in this section, the director shall abate or waive all the civil  
34 penalties and interest for tax liabilities that have been or could be  
35 assessed for any taxable period during the applicable liability period  
36 without the need for the taxpayer to show reasonable cause or the absence of  
37 wilful neglect. For the purposes of this subsection, "liability period"  
38 means:

39 1. For taxpayers filing annually, any taxable period ending before  
40 January 1, 2014.

41 2. For all other taxpayers, any taxable period ending before February  
42 1, 2015.

43 C. The director may grant recovery only for the taxable periods and  
44 tax liabilities identified in the application and only if the taxpayer  
45 satisfies all of the recovery conditions and requirements prescribed by this  
46 section.

1 D. To qualify for recovery, the taxpayer must submit a complete and  
2 correct application as provided by subsection F of this section during the  
3 recovery period.

4 E. A taxpayer does not qualify for recovery under this section if:

5 1. The taxpayer is a party to any criminal investigation or to any  
6 criminal administrative proceeding or criminal litigation that is pending on  
7 January 1, 2015 in any court of the United States or of this state for  
8 failure to file or failure to pay, or for fraud with respect to, any tax  
9 imposed by any law of this state and required to be collected by the  
10 department.

11 2. The taxpayer has been the subject of a past tax-related criminal  
12 investigation, indictment or prosecution if the investigation, indictment or  
13 prosecution resulted in a conviction, a guilty plea or a plea of no contest.

14 3. The taxpayer has been convicted of a crime relating to any period  
15 or assessment of a tax that is the basis of the penalty or interest with  
16 respect to which recovery is sought.

17 4. The taxpayer is a party to a closing agreement with the department  
18 for the tax periods included in the recovery application.

19 5. The taxpayer submits an application for recovery that does not  
20 include any amount of unpaid tax.

21 F. An application for recovery:

22 1. Must be on an application form provided by the department that  
23 requires the applicant to identify the tax, the qualifying taxable period and  
24 the tax liability for which recovery is sought and to provide other  
25 information prescribed by the director. The taxpayer shall include any  
26 returns and reports, including amended returns and reports, for the tax and  
27 taxable periods. Any return or report filed under this section is subject to  
28 verification as provided by law. A taxpayer who has insufficient information  
29 to file a full income tax return may file a gross income return and compute  
30 the tax pursuant to established rate brackets based on average tax rates for  
31 the applicable taxable years.

32 2. If the application for recovery is based on an established and  
33 unpaid tax liability, must include a copy of the latest applicable billing  
34 notice or any other documentation required by the department.

35 3. Must be filed with the department as prescribed by the director  
36 during the recovery period.

37 4. Must include payment of the tax due.

38 G. An application for recovery constitutes an express and absolute  
39 waiver of all administrative and judicial rights of appeal available at that  
40 time that have not run or otherwise expired as of the date of application.  
41 The state board of tax appeals and any court shall dismiss each such action  
42 or proceeding before that body on receiving a notification from the director  
43 that recovery has been granted for the taxable period for that taxpayer. If  
44 the audit determination is not final, the taxpayer must withdraw from the  
45 proceeding or litigation before recovery is granted. A taxpayer that files  
46 an application for recovery retains all administrative and judicial rights of

1 appeal with respect to any additional tax assessed in a subsequent audit by  
2 the department.

3 H. On reviewing the application and determining compliance with the  
4 requirements of the recovery program under this section:

5 1. The director shall notify the taxpayer regarding the application  
6 for recovery, waiving or abating the civil penalties and interest for tax  
7 liabilities that were or could have been assessed for the taxable periods  
8 covered by the application.

9 2. An administrative, civil or criminal action may not be brought for  
10 failure to comply with the tax requirements for the taxable periods covered  
11 by the application.

12 I. A grant of recovery under this section does not entitle any  
13 affected taxpayer or other person to a refund or credit of any amount  
14 previously paid.

15 J. The director shall deny or revoke the recovery of a person who  
16 files a false or fraudulent application, return or report for purposes of  
17 this section, or otherwise attempts to defeat or evade a tax through the  
18 recovery program.

19 K. The director may:

20 1. Do all things necessary to provide for the timely implementation of  
21 this section.

22 2. Adopt emergency rules pursuant to section 41-1026, Arizona Revised  
23 Statutes, as necessary to administer this section.

24 L. The tax revenues collected pursuant to recovery payments shall be  
25 distributed by the department as provided by law.

26 M. On or before January 1, 2016, the department shall submit a report  
27 to the governor, the speaker of the house of representatives and the  
28 president of the senate. The report shall include:

29 1. The number of taxpayers that have applied for recovery under this  
30 section.

31 2. The number of taxpayers that have been granted recovery.

32 3. The amount of revenue received from taxpayers for the recovery  
33 period.

34 N. This section is repealed from and after December 31, 2015.

35 O. For the purposes of this section:

36 1. "Recovery period" means September 1, 2015 through October 31, 2015.

37 2. "Tax" means any tax or surcharge administered or collected by the  
38 department of revenue as provided under title 42, chapter 1, article 3,  
39 Arizona Revised Statutes or under sections 5-839, 5-840, 48-4022, 48-4234 and  
40 48-5805, Arizona Revised Statutes, except luxury tax and withholding tax.

41 3. "Tax requirement" means:

42 (a) Timely filing a complete and correct tax return or report required  
43 by law.

44 (b) Timely paying a tax liability.

45 Sec. 20. Department of revenue; payment of contracted  
46 collectors; rate; limit

1 Notwithstanding any other law, the department of revenue may authorize  
2 contracted collectors to collect transaction privilege tax accounts  
3 receivable in fiscal years 2015-2016 and 2016-2017. The department may use  
4 transaction privilege tax revenue collected by the contracted collectors to  
5 pay for services of the contracted collectors. The department may not use  
6 more than \$2,000,000 pursuant to this section.

7 Sec. 21. Legislative intent

8 A. It is the intent of the legislature that the fees prescribed in  
9 section 42-5041, subsection B, Arizona Revised Statutes, be assessed and  
10 collected pursuant to the following guidelines:

11 1. The total fees for all counties, cities and towns may not exceed  
12 \$20,755,835 in any fiscal year.

13 2. The share of fees assessed to all counties pursuant to paragraph 1  
14 of this subsection shall be in proportion to the aggregate amount of monies  
15 distributed to counties in the preceding two fiscal years pursuant to title  
16 42, chapter 6, article 3, Arizona Revised Statutes, and section 42-5029,  
17 Arizona Revised Statutes, as a percentage of aggregate distributions to all  
18 counties, cities and towns in the preceding two fiscal years pursuant to  
19 title 42, chapter 6, article 3, Arizona Revised Statutes, and sections  
20 42-5029, 42-6001 and 43-206, Arizona Revised Statutes.

21 3. The share of fees assessed to all cities and towns pursuant to  
22 paragraph 1 of this subsection shall be in proportion to the aggregate amount  
23 of monies distributed to cities and towns in the preceding two fiscal years  
24 pursuant to title 42, chapter 6, article 3, Arizona Revised Statutes, and  
25 section 42-5029, Arizona Revised Statutes, as a percentage of aggregate  
26 distributions to all counties, cities and towns in the preceding two fiscal  
27 years pursuant to title 42, chapter 6, article 3, Arizona Revised Statutes,  
28 and sections 42-5029, 42-6001 and 43-206, Arizona Revised Statutes.

29 4. Except as provided by sections 42-5033 and 42-5033.01, Arizona  
30 Revised Statutes, the population of a county as determined by the most recent  
31 United States decennial census plus any revision to the decennial census  
32 certified by the United States census bureau shall be used as the basis for  
33 apportioning monies pursuant to paragraph 2 of this subsection.

34 5. Except as provided by sections 42-5033 and 42-5033.01, Arizona  
35 Revised Statutes, the population of a city or town as determined by the most  
36 recent United States decennial census plus any revision to the decennial  
37 census certified by the United States census bureau shall be used as the  
38 basis for apportioning monies pursuant to paragraph 3 of this subsection.

39 B. It is the intent of the legislature that the fees prescribed in  
40 section 42-5041, subsection C, Arizona Revised Statutes, be payable in an  
41 amount equal to seventy-six cents multiplied by the population of the city or  
42 town used for the purposes of computing state share revenues pursuant to  
43 sections 42-5029 and 43-206, Arizona Revised Statutes.

44 Sec. 22. Effective date

45 Sections 41-1541 and 41-1544, Arizona Revised Statutes, as amended by  
46 this act, are effective from and after December 31, 2015.

APPROVED BY THE GOVERNOR MARCH 12, 2015.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 12, 2015.