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House Engrossed Senate Bill

State of Arizona
Senate
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Second Regular Session
1996

FILED

Jane Dee Hull
Secretary of State

CHAPTER 186

SENATE BILL 1325

AN ACT

AMENDING TITLE 41, CHAPTER 5, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-986; AMENDING SECTION 42-1341, ARIZONA REVISED STATUTES; RELATING TO THE ARIZONA COMMISSION ON THE ARTS.

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Intent
3 The legislature intends to establish a public-private partnership for
4 the future support of the arts in Arizona that includes a long-term
5 comparable commitment of public funding provided by this act and private
6 funding from the income from a private account that will be established for
7 distribution to and for the benefit of the Arizona commission on the arts.
8 Sec. 2. Title 41, chapter 5, article 6, Arizona Revised Statutes, is
9 amended by adding section 41-986, to read:
10 41-986. Arizona arts endowment fund
11 A. THE ARIZONA ARTS ENDOWMENT FUND IS ESTABLISHED CONSISTING OF MONIES
12 APPROPRIATED ANNUALLY TO THE FUND PURSUANT TO SECTION 42-1341, SUBSECTION C,
13 PARAGRAPH 4, SUBDIVISION (e).
14 B. THE ARIZONA COMMISSION ON THE ARTS SHALL ADMINISTER THE FUND. ON
15 NOTICE FROM THE COMMISSION, THE STATE TREASURER SHALL INVEST AND DIVEST
16 MONIES IN THE FUND AS PROVIDED BY SECTION 35-313. MONIES EARNED FROM
17 INVESTMENT:
18 1. SHALL BE CREDITED TO THE FUND.
19 2. ARE A CONTINUING APPROPRIATION TO THE COMMISSION.
20 C. THE COMMISSION MAY NOT SPEND ANY MONIES IN THE FUND EXCEPT MONIES
21 EARNED FROM INVESTMENT OF FUND MONIES.

D. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

E. THE COMMISSION MAY ENTER INTO CONTRACTS WITH PRIVATE CHARITABLE, NONPROFIT ORGANIZATIONS THAT QUALIFY FOR TAX EXEMPTION UNDER SECTION 501(C)(3) OF THE UNITED STATES INTERNAL REVENUE CODE TO ADMINISTER MONIES THAT ARE DONATED BY THE ORGANIZATION FOR USE IN CONJUNCTION WITH MONIES FROM THE ARIZONA ARTS ENDOWMENT FUND. THE COMMISSION SHALL ADOPT RULES REGARDING MATCHING PRIVATE MONIES WITH MONIES FROM THE ARIZONA ARTS ENDOWMENT FUND IN A MANNER CONSISTENT WITH THE INTENT OF THE FUND.

F. THE COMMISSION SHALL INCLUDE IN ITS ANNUAL REPORT AN ACCOUNTING OF THE PRIVATE MONIES THAT ARE DONATED FOR USE IN CONJUNCTION WITH THE MONIES FROM THE ARIZONA ARTS ENDOWMENT FUND. EACH YEAR THE JOINT LEGISLATIVE BUDGET COMMITTEE SHALL REVIEW THE COMMISSION'S RECORDS REGARDING AMOUNTS RECEIVED FROM PRIVATE SOURCES IN COMPARISON WITH THE AMOUNT APPROPRIATED TO THE FUND PURSUANT TO SECTION 42-1341, SUBSECTION C, PARAGRAPH 4, SUBDIVISION (e).

G. NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, NO MONIES FROM THE ARIZONA ARTS ENDOWMENT FUND CONSISTING OF MONIES APPROPRIATED ANNUALLY TO THE FUND PURSUANT TO SECTION 42-1341, SUBSECTION C, PARAGRAPH 4, SUBDIVISION (e) MAY BE SPENT FOR PAYMENT TO ANY PERSON OR ENTITY FOR USE IN DESECRATING, CASTING CONTEMPT ON, MUTILATING, DEFACING, DEFILING, BURNING, TRAMPLING OR OTHERWISE DISHONORING OR CAUSING TO BRING DISHONOR ON RELIGIOUS OBJECTS, THE FLAG OF THE UNITED STATES OR THE FLAG OF THIS STATE.

Sec. 3. Section 42-1341, Arizona Revised Statutes, is amended to read:

42-1341. Remission and distribution of monies

A. The department shall transmit all revenues collected under this article and chapters 8.1, 9.2 and 11 of this title to the state treasurer pursuant to section 42-127, separately accounting for payments of estimated tax under section 42-1322, subsection D and revenues collected pursuant to section 42-1310.10. The state treasurer shall credit payments of estimated tax to an estimated tax clearing account and each month shall transfer all monies in the estimated tax clearing account to a fund designated as the transaction privilege and severance tax clearing account on notification by the department of the allocation of monies. The state treasurer shall credit all other payments to the transaction privilege and severance tax clearing account, separately accounting for the monies designated as distribution base under sections 42-1317, 42-1465, 42-1573 and 42-1725. Each month the department shall report to the state treasurer the amount of monies collected pursuant to this article and chapters 8.1, 9.2 and 11 of this title.

B. Each month the state treasurer shall distribute the monies deposited in the transaction privilege and severance tax clearing account in the manner prescribed by this section and by sections 42-1465, 42-1573 and 42-1725, after deducting warrants drawn against the account pursuant to sections 42-124 and 42-129.

C. Of the monies designated as distribution base the state treasurer shall:

1. Pay twenty-five per cent to the various incorporated municipalities in this state in proportion to their population as shown by the last United States decennial or special census, or revisions to the decennial or special census certified by the United States bureau of the census, to be used by the municipalities for any municipal purpose.

2. Pay 38.08 per cent to the counties in this state by averaging the following proportions:

(a) The proportion that the population of each county bears to the total state population, as shown by the most recent United States decennial or special census, or revisions to the decennial or special census certified by the United States bureau of the census.

(b) The proportion that the distribution base monies collected during the calendar month in each county under this article, section 42-1465, subsection B, section 42-1573 and section 42-1725 bear to the total distribution base monies collected under this article, section 42-1465, subsection B, section 42-1573 and section 42-1725 throughout the state for the calendar month.

3. Pay an additional 2.43 per cent to the counties in this state as follows:

(a) Average the following proportions:

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

(ii) The proportion that the distribution base monies collected during the calendar month in each county under this article, section 42-1465, subsection B, section 42-1573 and section 42-1725 bear to the total distribution base monies collected under this article, section 42-1465, subsection B, section 42-1573 and section 42-1725 throughout the state for the calendar month.

(b) If the proportion computed under subdivision (a) of this paragraph for any county is greater than the proportion computed under paragraph 2 of this subsection, the state treasurer shall compute the difference between the amount distributed to that county under paragraph 2 of this subsection and

the amount that would have been distributed under paragraph 2 of this subsection using the proportion computed under subdivision (a) of this paragraph and pay that difference to the county from the amount available for distribution under this paragraph. Any monies remaining after all payments under this subdivision shall be distributed among the counties according to the proportions computed under paragraph 2 of this subsection.

4. After any distributions required by section 42-1342.01, credit the remainder of the monies designated as distribution base to the state general fund. From this amount the legislature shall annually appropriate to:

(a) The department sufficient monies to administer and enforce this article and chapters 8.1, 9.2 and 11 of this title.

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

(c) The tourism fund an amount equal to the sum of the following:

(i) Two million dollars.

(ii) Seventy-five per cent of the amount by which revenues derived from a one-half percentage rate portion of the total tax rate imposed on the transient lodging classification for the current fiscal year, beginning with fiscal year 1990-1991, exceed the revenues derived from a one-half percentage rate portion of that tax in the previous fiscal year.

(d) The water quality assurance revolving fund two million nine hundred thousand dollars.

(e) THE ARIZONA ARTS ENDOWMENT FUND ESTABLISHED BY SECTION 41-986, THE FULL AMOUNT BY WHICH REVENUES DERIVED FROM THE AMUSEMENT CLASSIFICATION PURSUANT TO SECTION 42-1310.13 FOR THE CURRENT FISCAL YEAR EXCEED THE REVENUES THAT WERE DERIVED FROM THAT CLASSIFICATION IN FISCAL YEAR 1993-1994, EXCEPT THAT THIS AMOUNT SHALL NOT EXCEED TWO MILLION DOLLARS IN ANY FISCAL YEAR. THIS SUBDIVISION APPLIES FOR FISCAL YEARS THROUGH JUNE 30, 2007.

D. The state treasurer shall credit the remainder of the monies in the transaction privilege and severance tax clearing account to the state general fund.

E. Notwithstanding subsection C of this section, if a court of competent jurisdiction finally determines that tax monies distributed under this section were illegally collected under this article or chapters 8.1, 9.2 and 11 of this title and orders the monies to be refunded to the taxpayer, the department shall compute the amount of such monies that was distributed to each city, town and county under this section. The department shall notify the state treasurer of that amount plus the proportionate share of additional allocated costs required to be paid to the taxpayer. Each city's, town's and county's proportionate share of the costs shall be based on the amount of the original tax payment each municipality and county received. Each month the state treasurer shall reduce the amount otherwise distributable to the city, town and county under this section by one thirty-sixth of the total amount to be recovered from the city, town or

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

Sec. 4. Delayed effective date

This act is effective from and after June 30, 1997.

APPROVED BY THE GOVERNOR APRIL 15, 1996

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 15, 1996