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Jane Dee Hull
Secretary of State

CHAPTER 365

SENATE BILL 1071

AN ACT

AMENDING SECTIONS 28-1591, 28-1594.01, 28-1594.02, 28-1598, 28-1821, 28-1822, 28-1891 AND 28-2003, ARIZONA REVISED STATUTES; REPEALING SECTION 28-1598.01, ARIZONA REVISED STATUTES; MAKING AN APPROPRIATION; RELATING TO HIGHWAY USER REVENUES.

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

Section 1. Section 28-1591, Arizona Revised Statutes, is amended to read:

28-1591. Distribution of vehicle license tax

A. ~~Except as provided in subsection F of this section,~~ The license tax imposed by article IX, section 11, Constitution of Arizona, shall be collected by the registering officer at the time of application for and before registration of the vehicle each year. ~~and shall be immediately deposited with the county treasurer of the county in which the vehicle is registered.~~ The license tax rate is four dollars on each one hundred dollars in value. During the first twelve months of the life of the vehicle as determined by its initial registration the value of the vehicle is sixty per cent of the manufacturer's base retail price of the vehicle. During each succeeding twelve-month period the value of the vehicle is fifteen per cent less than the value for the preceding twelve-month period. The minimum amount of the license tax computed under this section shall be ten dollars per year for each vehicle subject to the tax.

B. The director may register or reregister a vehicle for less than a twelve-month period prorating the annual license tax, when in his opinion such proration tends to fulfill the purpose of the monthly registration system. The director shall initially register every vehicle so that the

1 registration of the vehicle expires twelve months from the last day of the
2 month in which the vehicle was initially purchased. No vehicle license tax
3 may be collected retroactively for any period of nonregistration if the
4 current owner of such vehicle was not the owner of the vehicle during any
5 part of the nonregistration period.

6 ~~C. On the first and the fifteenth calendar day of each month, the~~
7 ~~county treasurer shall distribute thirty one and one half per cent of the~~
8 ~~monies deposited pursuant to subsection A of this section, except monies~~
9 ~~deposited in the state general fund, to the state treasurer for deposit in~~
10 ~~the highway user revenue fund. On the first calendar day, the amount~~
11 ~~distributed shall include all monies received from the first through the~~
12 ~~fifteenth calendar day of the preceding month. On the fifteenth calendar day,~~
13 ~~the amount distributed shall include all monies received from the sixteenth~~
14 ~~through the last day of the preceding month. Additionally, on the fifteenth~~
15 ~~calendar day of each month the county treasurer shall distribute the~~
16 ~~remaining monies received pursuant to subsection A of this section during the~~
17 ~~entire preceding month as follows:~~

18 ~~1. Twenty per cent to the state treasurer to be placed in the general~~
19 ~~fund of the state for general purposes subject to subsection E of this~~
20 ~~section.~~

21 ~~2. Twenty five per cent to the general fund of the county.~~
22 ~~3. Twenty five per cent to the state treasurer, to be placed in the~~
23 ~~state general fund to aid in school financial assistance.~~

24 ~~4. Twenty five per cent to the several incorporated cities and towns~~
25 ~~of the county, apportioned in proportion to the population of each as shown~~
26 ~~by the most recent United States census.~~

27 ~~5. Five per cent to the county assessor to be placed in the special~~
28 ~~fund established pursuant to section 28-301, subsection C, except that no~~
29 ~~monies shall be distributed to the county assessor if the county has entered~~
30 ~~into an agreement pursuant to section 28-301.02, in which case five per cent~~
31 ~~shall be placed in the department's special fund pursuant to section~~
32 ~~28-301.03.~~

33 ~~D. C.~~ C. If any incorporated city or town has had no federal
34 enumeration, the supervisors shall appoint a qualified person to take an
35 accurate census of the incorporated city or town, and the supervisors shall
36 certify the results to the county treasurer, whereupon the incorporated city
37 or town shall share in the distribution as provided by this section.

38 ~~E.~~ D. On the first and the fifteenth calendar day of each month, the
39 director shall distribute thirty-one and one-half per cent of the monies
40 collected by the director pursuant to subsection A of this section, except
41 monies deposited in the state general fund, to the state treasurer for
42 deposit in the highway user revenue fund. On the first calendar day, the
43 amount distributed shall include all monies received from the first through
44 the fifteenth calendar day of the preceding month. On the fifteenth calendar

1 day, the amount distributed shall include all monies received from the
2 sixteenth through the last day of the preceding month. ~~Additionally,~~

3 E. IN ADDITION TO THE MONIES DISTRIBUTED PURSUANT TO SUBSECTION D OF
4 THIS SECTION, on the fifteenth calendar day of each month the director shall
5 distribute the remaining monies received pursuant to subsection A of this
6 section during the entire preceding month as follows:

7 ~~1. Twenty per cent to the state treasurer to be placed in the state
8 general fund for general purposes.~~

9 1. FOR FISCAL YEAR 1996-1997, EIGHTEEN PER CENT TO THE STATE TREASURER
10 FOR DEPOSIT IN THE STATE GENERAL FUND FOR GENERAL PURPOSES.

11 2. FOR FISCAL YEAR 1997-1998, SIXTEEN AND SIX-TENTHS PER CENT TO THE
12 STATE TREASURER FOR DEPOSIT IN THE STATE GENERAL FUND FOR GENERAL PURPOSES.

13 3. FOR FISCAL YEAR 1998-1999, FIFTEEN PER CENT TO THE STATE TREASURER
14 FOR DEPOSIT IN THE STATE GENERAL FUND FOR GENERAL PURPOSES.

15 4. FOR FISCAL YEAR 1999-2000 AND EACH FISCAL YEAR THEREAFTER, TWELVE
16 PER CENT TO THE STATE TREASURER FOR DEPOSIT IN THE STATE GENERAL FUND FOR
17 GENERAL PURPOSES.

18 5. FOR FISCAL YEAR 1996-1997 AND EACH FISCAL YEAR THEREAFTER, TWO PER
19 CENT TO THE STATE TREASURER FOR DEPOSIT IN THE STATE HIGHWAY FUND ESTABLISHED
20 BY SECTION 28-1821.

21 ~~2-~~ 6. Twenty-five per cent to the general fund of the county.

22 7. FOR FISCAL YEAR 1997-1998, ONE AND FOUR-TENTHS PER CENT TO THE
23 STATE TREASURER TO BE APPORTIONED AMONG THE COUNTIES FOR THE SAME USE AS
24 HIGHWAY USER REVENUE FUND MONIES ON THE BASIS THAT THE POPULATION OF THE
25 UNINCORPORATED AREA OF EACH COUNTY BEARS TO THE POPULATION OF THE
26 UNINCORPORATED AREAS OF ALL COUNTIES IN THIS STATE AS SHOWN BY THE MOST
27 RECENT UNITED STATES DECENNIAL CENSUS.

28 8. FOR FISCAL YEAR 1998-1999, THREE PER CENT TO THE STATE TREASURER
29 TO BE APPORTIONED AMONG THE COUNTIES FOR THE SAME USE AS HIGHWAY USER REVENUE
30 FUND MONIES ON THE BASIS THAT THE POPULATION OF THE UNINCORPORATED AREA OF
31 EACH COUNTY BEARS TO THE POPULATION OF THE UNINCORPORATED AREAS OF ALL
32 COUNTIES IN THIS STATE AS SHOWN BY THE MOST RECENT UNITED STATES DECENNIAL
33 CENSUS.

34 9. FOR FISCAL YEAR 1999-2000 AND EACH FISCAL YEAR THEREAFTER, SIX PER
35 CENT TO THE STATE TREASURER TO BE APPORTIONED AMONG THE COUNTIES FOR THE SAME
36 USE AS HIGHWAY USER REVENUE FUND MONIES ON THE BASIS THAT THE POPULATION OF
37 THE UNINCORPORATED AREA OF EACH COUNTY BEARS TO THE POPULATION OF THE
38 UNINCORPORATED AREAS OF ALL COUNTIES IN THIS STATE AS SHOWN BY THE MOST
39 RECENT UNITED STATES DECENNIAL CENSUS.

40 ~~3-~~ 10. Twenty-five per cent to the state treasurer, ~~to be placed~~ FOR
41 DEPOSIT in the state general fund to aid school financial assistance.

42 ~~4-~~ 11. Twenty-five per cent to the county treasurer to be distributed
43 to the several incorporated cities and towns of the county apportioned in

1 proportion to the population of each as shown by the most recent United
2 States census.

3 ~~5-~~ 12. Five per cent to be placed in the special fund established
4 pursuant to section 28-301.03.

5 Sec. 2. Section 28-1594.01, Arizona Revised Statutes, is amended to
6 read:

7 28-1594.01. Distribution of transportation excise tax in
8 counties with population of one million two
9 hundred thousand or more persons; regional area
10 road fund; accounts; bonds; construction of
11 highways and interim roadways; definitions

12 A. All transportation excise tax monies collected pursuant to section
13 42-1482, and transportation excise tax monies collected pursuant to section
14 42-1482.01 that are designated for deposit in the regional area road fund,
15 in a county with a population of one million two hundred thousand or more
16 persons shall be immediately transferred by the officer collecting the monies
17 to the state treasurer who shall deposit the monies in a fund designated for
18 the county as the regional area road fund. The state treasurer shall hold
19 all monies in such fund as a trustee for the county. Except as provided in
20 this section, the beneficial interest in such fund shall be the county in
21 which the transportation excise taxes are levied. This state shall have no
22 beneficial interest in such fund except as an obligee for reimbursement of
23 state monies which are advanced as salaries or expenses by this state or the
24 department and which are to be repaid by the regional area road fund. Monies
25 and investments within the regional area road fund may be used and expended
26 only as provided in this article or in section 42-1482.01. No appropriation
27 of any nature may be required before the expenditure of any monies from the
28 fund. Monies in the bond proceeds account or construction account of a
29 regional area road fund may be obligated for payment in future years for the
30 purpose of right-of-way acquisition subject to the limitations prescribed in
31 section 28-1826, subsections D, E, F and G. Except as provided in section
32 42-1482.01, payment shall be made from the regional area road fund by the
33 state treasurer by check without the necessity of any warrant or voucher.
34 Subject to the powers granted to the board in chapter 15, article 1.1 of this
35 title, the director shall administer monies deposited in the regional area
36 road fund.

37 B. The regional area road fund shall be divided into three separate
38 accounts, the bond account, the construction account and the bond proceeds
39 account. Each account shall be accounted for separately by the state
40 treasurer. Transfers between accounts shall be made only as provided in this
41 section or chapter 15, article 1.1 of this title. Before the issuance of any
42 bonds payable from the regional area road fund as provided in chapter 15,
43 article 1.1 of this title, all transportation excise tax revenues transferred
44 to the state treasurer shall be placed in the construction account and

1 expended as provided in this section or section 42-1482.01. After the
2 issuance of any bonds payable from the regional area road fund as provided
3 in chapter 15, article 1.1 of this title, all transportation excise tax
4 revenues shall first be deposited in the bond account until the bond account
5 contains monies sufficient to meet all principal, interest or redemption
6 requirements for the current period as required by any resolution or
7 resolutions of the board pertaining to the issuance of bonds. After all
8 current period requirements for all such bonds have been deposited in the
9 bond account, the balance of transportation excise tax revenues received by
10 the treasurer for the current period shall be deposited in the construction
11 account.

12 C. The state treasurer may invest monies in any account of the
13 regional area road fund in any securities or obligations authorized by title
14 35, chapter 2, article 2. For the purpose of investments, the state
15 treasurer may commingle monies within the regional area road fund with state
16 monies provided all interest earned on the regional area road funds of a
17 county is credited to the respective account of the regional area road fund
18 in which the investment was made.

19 D. All monies in the bond account shall be held in trust for the
20 owners of the bonds. Monies in the bond account shall be paid out to the
21 county or to paying agents or directly to the owners of the bonds in
22 accordance with section 42-1482.01 and with the resolution or resolutions of
23 the board authorizing the issuance of the bonds. Monies in the bond account
24 may also be used to pay bond related expenses or recurring expenses
25 pertaining to administration and payment of the bonds, for funding of
26 reserves for the payment of the bonds and for payment of fees, charges and
27 expenses incurred with respect to bond related obligations.

28 E. Monies in the bond proceeds account may be obligated or expended
29 as directed by the board for:

- 30 1. Payment of all bond related expenses.
- 31 2. Creating and funding reserve funds or to pay interest on bonds
32 during the expected period of construction.
- 33 3. Payment of fees, charges and expenses incurred with respect to bond
34 related obligations.
- 35 4. The design, right-of-way purchase or construction of
36 controlled-access highways which are included in the regional transportation
37 plan of the county and which are accepted into the state highway system
38 either as a state route or as a state highway or related grade separations
39 of controlled-access highways which are included in the regional
40 transportation plan of the county.

41 5. The design and construction of interim roadways within the adopted
42 corridors of the regional transportation plan of the county pursuant to
43 subsection 0 of this section.

1 6. Right-of-way costs associated with the construction of interim
2 roadways pursuant to subsection M of this section.

3 7. Payment of principal and interest on the bonds.

4 8. The payment of fees and costs incurred with respect to an election
5 called for the purposes of section 42-1482.01, but only if the election is
6 held in conjunction with a regularly scheduled state primary or general
7 election, a county primary or general election or a primary or general
8 election conducted by the largest city in the county.

9 F. Except as provided in subsections G and H of this section, monies
10 in the construction account of such regional area road fund shall be spent,
11 pledged or accumulated for the purposes provided in subsection E, paragraph
12 4 or 8 of this section. The director may enter into construction contracts
13 or contracts incidental to construction contracts payable from monies in
14 either the bond proceeds account or the construction account or a mix of both
15 accounts. The state treasurer shall pay all fees and costs related to
16 elections under, and subject to the conditions of, subsection E, paragraph
17 8 of this section on submission of a claim or voucher for the fees and costs
18 by the county officer in charge of the election.

19 G. Of the monies deposited in the construction account of the regional
20 area road fund under subsection B of this section, the state treasurer shall
21 distribute the following amounts to that county's public transportation fund
22 as provided in section 28-2502 to be used for planning necessary in
23 developing a regional public transportation system plan pursuant to section
24 28-2511:

25 1. On October 1, 1990, five hundred thousand dollars.

26 2. On April 1, 1991, five hundred thousand dollars.

27 H. Of the monies allocated to the construction account of the regional
28 area road fund under subsection B of this section in each fiscal year, the
29 state treasurer shall distribute five million dollars to the public
30 transportation fund established in that county under section 28-2502.
31 Beginning with fiscal year 1987-1988 the monies distributed under this
32 subsection shall be adjusted by the annual percentage change for the previous
33 calendar year in the GDP price deflator as defined in section 41-563. The
34 monies distributed under this subsection shall only be spent for the purposes
35 prescribed in section 28-2521.

36 I. Monies shall not be spent from any account in the fund to promote
37 or advocate a position, alternative or outcome of an election, to influence
38 public opinion or to pay or contract for consultants or advisors to influence
39 public opinion with respect to an election regarding taxes or other sources
40 of revenue for the fund or regarding the regional transportation plan, except
41 that monies may be spent:

42 1. As authorized by this section to determine public opinion before
43 the election is called.

1 2. To print, publish and distribute publicity pamphlets as required
2 by law containing arguments favoring and opposing issues presented in the
3 election.

4 J. The director shall develop and annually update as a component of
5 the five year transportation facilities construction program provided in
6 section 28-1825 a plan for the use of monies expected to be deposited in the
7 county's regional area road fund as provided in this section.

8 K. The county and municipalities in the county shall, through their
9 regional planning agency, list transportation corridors by priority in the
10 regional transportation plan. The regional transportation plan may also
11 provide a suggested construction schedule for the transportation corridors
12 contained in the plan.

13 L. After receiving approval from the director and the regional
14 planning agency, a municipality may design and construct an interim roadway
15 within a transportation corridor that is listed in the regional
16 transportation plan of the county in which the municipality is located for
17 temporary use pending construction of a controlled-access highway without
18 complying with subsection O of this section. The interim roadway shall be
19 designed and constructed to reasonably mitigate any adverse environmental
20 impact of the interim roadway on the surrounding area. If a municipality
21 proposes to design and construct an interim roadway pursuant to this
22 subsection, the municipality shall:

23 1. Finance the design and construction of the interim roadway by using
24 any manner of financing that a municipality is authorized by law to use to
25 finance transportation projects.

26 2. Conduct public hearings to receive public comment on the proposed
27 design and construction of the interim roadway.

28 M. Except as provided by this subsection, monies in the regional area
29 road fund and the state highway fund may not be used to pay or reimburse the
30 cost of an interim roadway constructed pursuant to subsection L of this
31 section. If a municipality acquires a right-of-way for an interim roadway
32 under subsection L of this section, the municipality shall pay for the
33 right-of-way, and regional area road fund monies and state highway fund
34 monies may not be used to pay or reimburse the right-of-way costs unless
35 payment or reimbursement is approved by a written intergovernmental agreement
36 entered into by the municipality and the department.

37 N. A municipality shall indemnify and hold the state harmless for all
38 costs and liability resulting from an interim roadway constructed by a
39 municipality pursuant to subsection L of this section.

40 O. In addition to the authority provided in subsection L of this
41 section, a municipality may enter into an intergovernmental agreement with
42 the department for the design and construction of an interim roadway within
43 a transportation corridor that is listed in the regional transportation plan
44 of the county in which the municipality is located for temporary use pending

1 construction of a controlled-access highway. The interim roadway shall be
2 a controlled-access roadway to which access is limited in the manner
3 prescribed in the intergovernmental agreement. The intergovernmental
4 agreement may provide that the municipality shall indemnify and hold the
5 state harmless for all costs and liabilities incurred during the construction
6 of an interim roadway and resulting from the operation of an interim roadway
7 constructed by a municipality pursuant to this subsection. The
8 intergovernmental agreement shall specify the following:

9 1. That the interim roadway shall be designed and constructed to
10 mitigate any adverse environmental impact of the interim roadway on the
11 surrounding area.

12 2. That the design and construction shall conform with standards
13 determined by the director.

14 3. The manner in which access is limited to the interim roadway.

15 4. That the department shall reimburse the municipality from the
16 regional area road fund or from state highway fund monies provided by section
17 28-1598, subsection ~~M~~- K, paragraph 1 for the costs of the components of the
18 interim roadway constructed pursuant to this subsection that are necessary
19 for the construction of the controlled-access highway pursuant to a date or
20 reimbursement schedule mutually agreed on in writing by the board, the
21 regional planning agency and the municipality.

22 5. The standards determined by the department pursuant to paragraph
23 2 of this subsection.

24 6. That the regional planning agency and the board have approved in
25 writing the design and construction of the interim roadway.

26 7. That public hearings shall be conducted to receive public comment
27 on the proposed design and construction of the interim roadway.

28 P. On completion of construction, the interim roadways constructed
29 pursuant to subsection L of this section shall be maintained by the
30 municipality that constructed the interim roadway and the controlled-access
31 highways prescribed in this section shall be maintained by the department.
32 The department may enter into contracts with municipalities in the county and
33 the county to allow the municipalities and the county to construct the
34 controlled-access highways or related grade separations of controlled-access
35 highways provided in subsection E or F of this section.

36 Q. The regional transportation plan may be annually updated to
37 introduce new controlled-access highways and related grade separations or to
38 modify the existing plan.

39 R. Nothing in this section shall be construed to limit existing
40 intergovernmental agreements or letters of intent between the department and
41 a municipality.

42 S. For the purposes of this section:

43 1. "Bond related expenses" means all printing, publication or
44 advertising expenses with respect to the sale and issuance of any bonds, all

1 fees, expenses and costs of registrars, paying agents and transfer agents
2 retained by the board, all fees, expenses and costs of attorneys,
3 accountants, actuaries, feasibility consultants, computer programmers or
4 other experts employed to aid in the sale and issuance of the bonds, and all
5 other costs, fees and expenses incurred or reasonably related to the
6 issuance, sale and administration of the bonds.

7 2. "Bond related obligation" means any agreement or contractual
8 relationship between the Arizona transportation board and any bank, trust
9 company, insurance company, surety bonding company, pension fund or other
10 financial institution providing increased credit on, or security for, the
11 bonds or liquidity for secondary market transactions.

12 3. "Controlled-access highway" has the meaning assigned to that term
13 in section 28-602.

14 Sec. 3. Section 28-1594.02, Arizona Revised Statutes, is amended to
15 read:

16 28-1594.02. Controlled-access highway system; definitions

17 A. The department shall adopt a budget process that ensures the
18 estimated cost of the system, including corridors and corridor segments, does
19 not exceed the total amount of revenues estimated to be available for the
20 system.

21 B. The regional planning agency in the county shall approve any change
22 in the priorities of the corridors or corridor segments in the system.
23 Requests for changes to facilities in the system that would materially
24 increase costs shall be submitted to the regional planning agency for
25 approval and submitted by the regional planning agency to the board for
26 approval. If a local authority requests an enhancement to the system, the
27 local authority shall pay all costs associated with the enhancement.

28 C. The regional planning agency shall issue an annual report on the
29 status of the system and hold a public hearing in the county within thirty
30 days after the report is issued. The report and the hearing shall address
31 the following topics:

- 32 1. The status of the system.
- 33 2. Proposed changes to the regional transportation plan.
- 34 3. Proposed changes in corridor and corridor segment priorities.
- 35 4. Project financing and project options.
- 36 5. The criteria used to establish priorities as required by subsection

37 D of this section.

38 D. The regional planning agency shall develop criteria to establish
39 the priority of corridors and corridor segments, including but not limited
40 to the following:

41 1. The extent of local public and private funding participation and
42 the social and community impact.

43 2. The establishment of a complete freeway system for the region as
44 rapidly as is practicable.

1 3. The construction of segments to serve regional transportation
2 needs.

3 4. The construction of segments that provide connectivity with other
4 elements of the freeway system.

5 5. Other relevant criteria developed by the regional planning agency.

6 E. The department shall document the acquisition of right-of-way for
7 the system, including any negotiations and agreements for acquisition of
8 right-of-way.

9 F. The department shall reimburse the regional area road fund
10 established by section 28-1594.01 or the highway user revenue fund
11 established by section 28-1598, subsection A, if the department uses property
12 for administrative purposes, acquired for the system with monies from the
13 regional area road fund or monies distributed from the highway user revenue
14 fund pursuant to section 28-1598, subsection ~~N~~ K, paragraph 1. The
15 department shall determine the amount of the reimbursement according to the
16 fair rental value of the property based on an independent appraisal. The
17 department shall allocate and the state treasurer shall reimburse the amount
18 to the fund from which the monies were taken.

19 G. The director may adopt rules consistent with subsection H,
20 paragraph 2 of this section prescribing changes to the system that constitute
21 an enhancement.

22 H. For the purposes of this section:

23 1. "Controlled-access highway" has the meaning assigned to that term
24 in section 28-602.

25 2. "Enhancement" means an addition that exceeds generally accepted
26 engineering or design standards for the specific type of facility.

27 3. "System" means the controlled-access highways and related grade
28 separations of controlled-access highways that are eligible for regional area
29 road fund monies pursuant to section 28-1594.01.

30 Sec. 4. Section 28-1598, Arizona Revised Statutes, is amended to read:

31 28-1598. Distribution of highway user revenues; budget and
32 expenditure of local tax revenues required;
33 definitions

34 A. All highway user revenues, as defined in section 28-1595 and in
35 article IX, section 14, Constitution of Arizona, and all taxes, fees and
36 fines collected under sections 28-221, 28-226, 28-1011 and 28-1031 shall be
37 transferred by the officer collecting the revenues to the department. The
38 department, after deduction of all exemptions and refunds, shall immediately
39 transfer the revenues to the state treasurer who shall deposit the revenues
40 in a fund designated as the Arizona highway user revenue fund. The revenues
41 in the Arizona highway user revenue fund shall only be expended for the
42 purposes prescribed in article IX, section 14, Constitution of Arizona. In
43 the event of any default all amounts required by law or any resolution
44 authorizing the issuance of bonds of the board to be placed in the principal

1 funds, interest funds, reserve funds or sinking funds or any other funds
2 created to service bonds issued or to be issued by the board shall be
3 deducted by the department before the revenues are deposited in the Arizona
4 highway user revenue fund.
5 B. No later than June 15 of each fiscal year the department shall
6 allocate and the state treasurer shall distribute one million dollars from
7 revenues of the Arizona highway user revenue fund to the economic strength
8 project fund.
9 C. No later than June 15 of each fiscal year the department shall
10 allocate and the state treasurer shall distribute revenues derived from one
11 cent of the license tax for each gallon of motor vehicle fuel and use fuel
12 collected pursuant to sections 28-1501 and 28-1552 to the state highway fund.
13 B- C. For each fiscal year the department shall allocate and the
14 state treasurer shall distribute monies in the Arizona highway user revenue
15 fund to the department of public safety for funding a portion of highway
16 patrol costs in eight installments in each of the first eight months of a
17 fiscal year that do not exceed:
18 1. For the 1994-1995 and 1995-1996 fiscal years, twenty million
19 dollars.
20 2. For the 1996-1997 fiscal year, seventeen million five hundred
21 thousand dollars.
22 3. For the 1997-1998 fiscal year, fifteen million dollars.
23 4. For the 1998-1999 fiscal year, twelve million five hundred
24 thousand dollars.
25 5. For the 1999-2000 fiscal year and for all subsequent fiscal
26 years, ten million dollars.
27 F. No later than June 15 of each fiscal year the department shall
28 allocate and the state treasurer shall distribute revenues derived from three
29 cents of the license tax for each gallon of motor vehicle fuel or use fuel
30 collected pursuant to section 28-1501 or 28-1552 as follows:
31 1. Sixty four per cent to the state highway fund.
32 2. Fourteen per cent to counties with a population of one million two
33 hundred thousand or more persons to be distributed to the county and to each
34 individual city or town within the county on the basis that the
35 unincorporated population of the county and the incorporated population of
36 each city or town bear to the total population within the county.
37 3. Eight and one half per cent to counties with a population in excess
38 of four hundred thousand but fewer than one million two hundred thousand
39 persons to be distributed to the county and to each individual city or town
40 within the county on the basis that the unincorporated population of the
41 county and the incorporated population of each city or town bear to the total
42 population within the county.
43 4. Eight per cent to counties with a population of four hundred
44 thousand or fewer persons to be distributed to each individual county on the

1 ~~basis that the unincorporated population of each county bears to the total~~
2 ~~unincorporated population of all counties with a population of four hundred~~
3 ~~thousand or fewer persons.~~

4 ~~5. Five and one half per cent to the incorporated cities and towns~~
5 ~~located in counties with a population of four hundred thousand or fewer~~
6 ~~persons to be distributed to each individual city or town on the basis that~~
7 ~~the incorporated population of each city or town bears to the total~~
8 ~~incorporated population of all cities and towns located in counties with a~~
9 ~~population of four hundred thousand or fewer persons.~~

10 ~~F. For fiscal year 1991-1992, fiscal year 1992-1993 and fiscal year~~
11 ~~1993-1994 the department shall allocate and the state treasurer shall~~
12 ~~distribute monies from the highway user revenue fund to the department of~~
13 ~~transportation for deposit into the motor vehicle liability insurance~~
14 ~~enforcement fund established in section 28-1262 for funding for motor vehicle~~
15 ~~liability insurance enforcement in any amount required by legislative~~
16 ~~appropriation.~~

17 ~~G. D. Each fiscal year the department shall allocate and the state~~
18 ~~treasurer shall distribute all remaining revenues of the Arizona highway user~~
19 ~~revenue fund after the distribution provided in subsections B, AND C, D and~~
20 ~~E of this section, as follows:~~

- 21 1. To the state highway fund, fifty AND ONE-HALF per cent.
22 2. To the counties, ~~twenty~~ NINETEEN per cent.
23 3. To the incorporated cities and towns, ~~thirty~~ TWENTY-SEVEN AND
24 ONE-HALF per cent.
25 4. TO INCORPORATED CITIES WITH A POPULATION OF THREE HUNDRED THOUSAND
26 OR MORE PERSONS, THREE PER CENT.

27 ~~H. E. Each month the state treasurer shall distribute all revenues~~
28 ~~credited to the Arizona highway user revenue fund in accordance with the~~
29 ~~proportions prescribed in subsection G- D or H- R of this section as follows:~~

30 ~~1. Revenues allocated to the state highway fund shall be further~~
31 ~~distributed as follows:~~

32 ~~(a) Seven per cent shall be apportioned among cities with a population~~
33 ~~greater than three hundred thousand persons, the distribution to which was~~
34 ~~not restricted pursuant to subsection P of this section, for the acquisition~~
35 ~~of rights of way or construction of streets or highways other than~~
36 ~~controlled access highways, on the basis of population.~~

37 ~~(b) Ninety three per cent shall be apportioned to the state highway~~
38 ~~fund.~~

39 ~~2. 1. Revenues allocated to the counties shall be further distributed~~
40 ~~to each individual county, the distribution to which was not restricted~~
41 ~~pursuant to subsection P- M of this section, AS FOLLOWS:~~

42 (a) FOR FISCAL YEAR 1996-1997 EIGHTY-FIVE PER CENT, FOR FISCAL YEAR
43 1997-1998 EIGHTY PER CENT, FOR FISCAL YEAR 1998-1999 SEVENTY-SIX PER CENT AND
44 FOR FISCAL YEAR 1999-2000 AND EACH FISCAL YEAR THEREAFTER SEVENTY-TWO PER

1 CENT based on the proportion that the sale of motor vehicle fuel and the
2 estimated consumption of use fuel in such county bear to the total sales of
3 motor vehicle fuel and the estimated consumption of use fuel throughout the
4 state during the preceding calendar month.

5 (b) FOR FISCAL YEAR 1996-1997 FIFTEEN PER CENT, FOR FISCAL YEAR
6 1997-1998 TWENTY PER CENT, FOR FISCAL YEAR 1998-1999 TWENTY-FOUR PER CENT AND
7 FOR FISCAL YEAR 1999-2000 AND EACH FISCAL YEAR THEREAFTER TWENTY-EIGHT PER
8 CENT BASED ON THE PROPORTION THAT THE POPULATION OF THE UNINCORPORATED AREA
9 OF EACH COUNTY BEARS TO THE POPULATION OF THE UNINCORPORATED AREAS OF ALL
10 COUNTIES IN THIS STATE.

11 ~~3-~~ 2. Revenues allocated to the incorporated cities and towns
12 PURSUANT TO SUBSECTION D, PARAGRAPH 3 OF THIS SECTION shall be distributed
13 on the basis of the following apportionments:

14 (a) One-half shall be apportioned to each city or town, the
15 distribution to which was not restricted pursuant to subsection ~~P-~~ M of this
16 section, on the basis that the population of each bears to the population of
17 all cities and towns within the state.

18 (b) Subject to subsection ~~P-~~ M of this section, the remaining one-half
19 shall be apportioned first on the basis of the county origin of sales of
20 motor vehicle fuels within the state, which amount shall be further
21 apportioned among the several incorporated cities and towns within each
22 county in the proportion that the population of each city or town bears to
23 the total population of all cities and towns within the county.

24 3. FOR FISCAL YEAR 1996-1997 AND EACH FISCAL YEAR THEREAFTER, REVENUES
25 ALLOCATED TO INCORPORATED CITIES WITH A POPULATION OF THREE HUNDRED THOUSAND
26 OR MORE PERSONS SHALL BE APPORTIONED AMONG THE CITIES, THE DISTRIBUTION TO
27 WHICH WAS NOT RESTRICTED PURSUANT TO SUBSECTION M OF THIS SECTION, FOR THE
28 ACQUISITION OF RIGHTS-OF-WAY OR CONSTRUCTION OF STREETS OR HIGHWAYS BASED ON
29 POPULATION.

30 ~~I-~~ F. The percentages, proportions, allocations and distributions
31 prescribed by this section are subject to the following limitations:

32 1. If the total highway user revenues derived and credited to the
33 Arizona highway user revenue fund equal or exceed the total highway user
34 revenues derived in the fiscal year ending June 30, 1973, the state and any
35 county shall not receive from such revenues for the use of each and for
36 distribution to cities and towns fewer dollars than were received and
37 distributed in such fiscal year.

38 2. If the total highway user revenues derived and credited to the
39 Arizona highway user revenue fund do not equal or exceed the total highway
40 user revenues derived in the fiscal year ending June 30, 1973, the state and
41 any county shall receive from such revenues for the use of each and for
42 distribution to cities and towns their pro rata allocation based upon the
43 percentages as provided in subsection ~~G-~~ D of this section.

1 ~~J~~ G. If the department determines that any of the amounts allocated
2 and distributed as provided in this section during the preceding twenty-four
3 months are incorrect, the department shall adjust future monthly allocations
4 to correct any overages or shortages as provided in this subsection. The
5 state treasurer shall distribute revenues in accordance with the adjusted
6 allocations determined pursuant to this subsection. An adjustment to the
7 amount allocated and distributed shall not be initiated pursuant to this
8 subsection more than twenty-four months after the original distribution. The
9 department shall adjust the allocations as follows:

10 ~~1. Until June 30, 1993, in the case of overages, the department shall~~
11 ~~reduce the subsequent monthly allocation by the amount of the overage,~~
12 ~~provided that the remaining allocation is at least eighty five per cent of~~
13 ~~the amount that would otherwise have been allocated to the recipient. If the~~
14 ~~entire amount of the required adjustment cannot be made in a single month,~~
15 ~~the procedure shall be repeated in subsequent months until the overage has~~
16 ~~been corrected.~~

17 ~~2. 1. From and after June 30, 1993, In the case of overages, the~~
18 ~~department shall reduce the subsequent monthly allocation by the amount of~~
19 ~~the overage, provided that the remaining allocation is at least fifty per~~
20 ~~cent of the amount that would otherwise have been allocated to the recipient.~~
21 ~~If the entire amount of the required adjustment cannot be made in a single~~
22 ~~month, the procedure shall be repeated in subsequent months until the overage~~
23 ~~has been corrected.~~

24 ~~3~~ 2. In the case of shortages, the department shall increase the
25 subsequent monthly allocation by the amount of the shortage, provided that
26 the total amount of all the increases in any single month does not exceed the
27 total amount of all the reductions made pursuant to ~~paragraphs~~ PARAGRAPH 1
28 ~~and 2~~ of this subsection in that month. If the total of all reductions in
29 a month is less than the amount of increases, the increases shall be
30 proportionately reduced.

31 ~~K~~ H. If a county or incorporated city or town subject to the
32 requirements of subsection ~~P~~ M of this section fails to meet the
33 requirements of that subsection, the state treasurer shall, beginning in
34 April of the fiscal year following the fiscal year in which the requirements
35 were not met, reduce the next twelve monthly distributions computed according
36 to this section by one-twelfth of the amount computed in paragraph 3 of this
37 subsection. The reduction shall be deposited in the highway user revenue
38 fund and distributed in the following month according to the provisions of
39 this section. The state treasurer shall compute the total amount of the
40 reduction as follows:

41 1. Determine the amount distributed to the county, city or town in the
42 year the county, city or town failed to meet the requirements of subsection
43 ~~P~~ M of this section.

1 2. Determine the amount distributed to the county, city or town in
2 fiscal year 1969-1970.

3 3. Subtract the amount determined in paragraph 2 of this subsection
4 from the amount determined in paragraph 1 of this subsection. The resulting
5 difference is the total amount to be deducted from future distributions by
6 the state treasurer.

7 ~~I.~~ I. Beginning on December 1, 1990, the department shall every five
8 years present a report to the legislature which evaluates the status and
9 condition of the state, city and county transportation systems and analyzes
10 all-mode transportation needs of the state, counties, cities and towns.
11 Needs shall be projected for five and ten years. All counties, cities and
12 towns shall submit needs data and information concerning the status of
13 transportation systems for all modes to the department for use in the
14 preparation of the statewide transportation status and needs report in
15 accordance with procedural guidelines established by the department and in
16 accordance with standards established by the technical advisory committee.
17 The committee shall determine when a county, city or town is not in
18 compliance with the procedural guidelines established under this section and
19 shall notify that jurisdiction of such noncompliance. The committee shall
20 advise the director to request the state treasurer to withhold that
21 jurisdiction's revenues, as distributed under this section, except that the
22 jurisdiction shall be entitled to receive such revenues as guaranteed
23 pursuant to article IX, section 14, Constitution of Arizona. The
24 jurisdiction has thirty days to appeal before the committee, and the
25 committee shall notify the director of its finding upon hearing the appeal
26 or the expiration of forty-five days. Upon receipt of a finding of
27 noncompliance, the director shall request the state treasurer to withhold
28 revenues as distributed under this section, except that the jurisdiction
29 shall be entitled to receive such revenues as guaranteed pursuant to article
30 IX, section 14, Constitution of Arizona, until the committee notifies the
31 director that the jurisdiction is in compliance.

32 ~~M.~~ J. The state treasurer may invest inactive deposits in the Arizona
33 highway user revenue fund in United States government bonds or interest
34 bearing notes and other interest bearing obligations of the United States for
35 which the full faith and credit of the United States are pledged. All
36 interest earned on highway user revenue funds shall be credited by the state
37 treasurer to the Arizona highway user revenue fund.

38 ~~N.~~ K. At least ~~fifteen~~ TWELVE AND SIX-TENTHS per cent of the revenues
39 allocated each year to the state highway fund pursuant to subsection ~~G~~ D of
40 this section shall be further distributed in the following proportions and
41 for the following purposes:

42 1. Seventy-five per cent of the revenues shall be expended, pledged
43 or accumulated in counties with a population of one million two hundred
44 thousand or more persons for the design, right-of-way purchase or

1 construction of controlled-access highways which are included in the regional
2 transportation plan of the county and which are accepted into the state
3 highway system either as a state route or as a state highway.

4 2. Twenty-five per cent of the revenues shall be expended, pledged or
5 accumulated in counties with a population in excess of four hundred thousand
6 but fewer than one million two hundred thousand persons for:

7 (a) The design, right-of-way purchase or construction of
8 controlled-access highways which are included in the regional transportation
9 plan of the county and which are accepted into the state highway system
10 either as a state route or as a state highway or related grade separations
11 of controlled-access highways which are included in the regional
12 transportation plan of the county.

13 (b) Notwithstanding section 28-1822, the design, right-of-way
14 purchase, construction, standard and reduced clearance grade separation,
15 extension and widening of arterial streets and highways which are included
16 in the regional transportation plan of the county.

17 ~~Q~~ L. Expenditures for state matching funds for the federal
18 interstate system shall be in addition to the amount provided in subsection
19 ~~N~~ K of this section.

20 ~~P~~ M. Beginning with fiscal year 1986-1987, a county with a
21 population in excess of four hundred thousand persons or an incorporated city
22 or town which has a population in excess of thirty thousand persons and is
23 located in such a county shall each fiscal year:

24 1. Budget and expend local revenues as defined in article IX, section
25 20, Constitution of Arizona, for street and highway purposes in an amount at
26 least equal to the average amount of local revenues budgeted and expended for
27 such purposes in any four of the five fiscal years during the period
28 beginning with fiscal year 1981-1982 and ending with fiscal year 1985-1986.

29 2. Through its chief financial officer, certify in writing to the
30 state treasurer whether or not the county, city or town has complied with the
31 requirements of paragraph 1 of this subsection. The certification shall be
32 filed on or before December 31 following the completion of each fiscal year.
33 A failure to certify as required by this paragraph shall be considered a
34 failure to comply with the provisions of paragraph 1 of this subsection.

35 ~~Q~~ N. In determining the amount of local revenues budgeted and
36 expended for street and highway purposes during any fiscal year pursuant to
37 subsection ~~P~~ M of this section, a county or incorporated city or town shall
38 not consider any of the following:

- 39 1. Monies distributed from the Arizona highway user revenue fund.
40 2. Monies distributed from the local transportation assistance fund.
41 3. Monies expended by the county or incorporated city or town for
42 street and highway purposes directly necessitated by an emergency declared
43 by the governor.

1 ~~R~~ O. The department may enter into contracts with a county or
2 municipality to allow the county or municipality to construct the streets or
3 highways provided for in subsection ~~N~~ K of this section.

4 ~~S~~ P. A county described in subsection ~~N~~ K of this section and the
5 municipalities in the county shall, through their regional planning agency,
6 list transportation corridors by priority in the regional transportation
7 plan. The regional transportation plan may also provide a suggested
8 construction schedule for the transportation corridors contained in the plan.

9 ~~T~~ Q. Of the monies allocated to the state highway fund pursuant to
10 subsection ~~E~~ D of this section not more than five million dollars annually
11 may be spent for the acquisition, construction or improvement of entry roads
12 to state parks or roads within state parks.

13 ~~U~~ R. If a use fuel collection shortfall exists under section
14 28-1599.14, subsection A, each fiscal year the department shall allocate and
15 the state treasurer shall distribute from the Arizona highway user revenue
16 fund an amount from revenues allocated to the state highway fund equal to an
17 amount computed by utilizing the difference in gallons determined by section
18 28-1599.14, subsection A multiplied by eight cents which amount shall be
19 distributed as follows:

- 20 1. To the counties, forty per cent.
- 21 2. To the incorporated cities and towns, sixty per cent.

22 ~~V~~ S. For the purposes of this section:

23 1. "Arterial street or highway" means a street or highway used
24 primarily for through traffic such that vehicular traffic from intersecting
25 streets and highways is required by law to stop or yield before entering or
26 crossing the street or highway.

27 2. "Controlled-access highway" has the meaning assigned to that term
28 in section 28-602.

29 3. "Population" means the population determined in the most recent
30 United States decennial census or the most recent special census as provided
31 in section 28-1501.02 and revisions to the decennial or special census
32 certified by the United States bureau of the census.

33 Sec. 5. Repeal

34 Section 28-1598.01, Arizona Revised Statutes, is repealed.

35 Sec. 6. Section 28-1821, Arizona Revised Statutes, is amended to read:
36 28-1821. State highway fund: sources

37 A state highway fund is established which consists of:

38 1. Monies distributed from the Arizona highway user revenue fund under
39 chapter 9, article 5 of this title.

40 2. Monies appropriated thereto by the legislature.

41 3. Monies received from donations for the construction, improvement
42 or maintenance of state highways or bridges, which shall be credited to a
43 special account and expended only for the purpose indicated by the donor.

1 4. Monies received from counties, including proceeds from bond issues,
2 under cooperative agreements. Such monies shall be deposited by the
3 treasurer to the credit of the fund in a special account upon delivery to him
4 of a concise written agreement between the department and the county stating
5 the purposes for which the money is surrendered by the county, and the monies
6 shall be expended only as stated in the agreement.

7 5. Monies received from the United States by virtue of an act of
8 Congress to provide aid in the construction of rural post roads, but monies
9 received on projects for which the funds necessary to be provided by the
10 state are wholly derived from sources mentioned in paragraphs 2 and 3 of this
11 section shall be allotted by the department and deposited by the treasurer
12 into the special account within the fund created for each project. Upon
13 completion of the project and the satisfaction and discharge in full of all
14 obligations of whatever kind created on account thereof, the unexpended
15 balance in the special account for the project shall, upon request of the
16 department, be transferred by the treasurer into the highway fund and may,
17 together with any further federal aid thereafter received on account of the
18 project, be expended under the general provisions of this title.

19 6. Monies coming into the custody of an officer or agent of the state
20 from whatever source to be used for the construction, improvement or
21 maintenance of state highways or bridges.

22 7. Monies deposited in the general fund arising from the disposal of
23 state personal property belonging to the department.

24 8. Receipts from the sale or disposal of any or all other property
25 held by the department and purchased with state highway funds.

26 9. MONIES DISTRIBUTED TO THE STATE HIGHWAY FUND PURSUANT TO SECTION
27 28-1591, SUBSECTION E.

28 Sec. 7. Section 28-1822, Arizona Revised Statutes, is amended to read:
29 28-1822. Authorized uses of fund; preferences; investment

30 A. Except as provided in ~~subsections~~ SUBSECTION F and ~~G~~ of this
31 section the highway fund shall be used for any of the following purposes in
32 strict conformity with and subject to the budget as provided by this section
33 and by sections 28-1823 through 28-1827:

34 1. To pay salaries, wages, necessary travel and other expenses of
35 officers and employees of the department, and the incidental office expenses,
36 including telegraph, telephone, postal and express charges and expenses for
37 printing, stationery and advertising.

38 2. To pay for equipment, supplies, machines, tools, department offices
39 and laboratories established by the department, and for the construction and
40 repair of buildings or yards of the department.

41 3. To pay the cost of engineering, construction, improvement and
42 maintenance of state highways and parts of highways forming state routes, and
43 of highways under cooperative agreements with the United States, entered into

1 as provided by this chapter and pursuant to an act of Congress providing for
2 the construction of rural post roads.

3 4. To pay land damages incurred by reason of establishing, opening,
4 altering, relocating, widening or abandoning portions of a state route or
5 state highway.

6 5. To reimburse the department revolving account.

7 6. To pay premiums upon authorized indemnity bonds, and upon
8 compensation insurance under workers' compensation.

9 7. To defray lawful expenses and costs required to administer and
10 carry out the intent, purposes and provisions of this title, and to pay
11 lawful bills and charges incurred by the state engineer.

12 8. To acquire, construct or improve entry roads to state parks or
13 roads within state parks.

14 9. To acquire, construct or improve entry roads to state prisons.

15 10. To pay the cost of relocating a utility facility as provided by
16 section 28-1834.

17 B. When expending monies from the fund, the department shall give
18 preference to the requirements of the budget in the following order:

19 1. Construction of highways in cooperation with the United States.

20 2. Taking over and constructing other state highways.

21 C. Reconstruction or replacement of existing highways damaged or
22 destroyed by acts of God or other sudden or unexpected causes shall be given
23 preference accorded for maintenance expenditures in accordance with the order
24 named in subsection B of this section.

25 D. Expenditures from the state highway fund for nonhighway functions
26 of the department shall be reimbursed concurrently to the state highway fund
27 in strict compliance with section 28-1833.

28 E. The director, or his designated agent, with the advice of the state
29 treasurer, may invest inactive deposits in the highway fund in United States
30 government bonds or interest bearing notes and other interest bearing
31 obligations of the United States for which the full faith and credit of the
32 United States are pledged. All interest earned on highway funds shall be
33 credited by the state treasurer to the highway fund.

34 ~~F. Any monies deposited in the state highway fund from the tax levied
35 pursuant to section 28-1598.01 shall be used for the design, right of way
36 purchase, construction or reconstruction of highways which are part of the
37 state highway system.~~

38 ~~G.~~ F. For each of the following fiscal years the department shall
39 allocate and the state treasurer shall distribute monies in the state highway
40 fund to the department of public safety for funding a portion of highway
41 patrol costs in eight installments in each of the first eight months of a
42 fiscal year that do not exceed:

43 ~~1. For the 1994-1995 and 1995-1996 fiscal years, twenty million
44 dollars.~~

1 ~~2-~~ 1. For the 1996-1997 fiscal year, seventeen million five hundred
2 thousand dollars.

3 ~~3-~~ 2. For the 1997-1998 fiscal year, fifteen million dollars.

4 ~~4-~~ 3. For the 1998-1999 fiscal year, twelve million five hundred
5 thousand dollars.

6 ~~5-~~ 4. For the 1999-2000 fiscal year and for all subsequent fiscal
7 years, ten million dollars.

8 Sec. 8. Section 28-1891, Arizona Revised Statutes, is amended to read:
9 28-1891. Arizona highway patrol fund; composition of fund;

10 administration; exemptions; purpose

11 A. There is established an Arizona highway patrol fund.

12 B. The Arizona highway patrol fund shall consist of:

13 1. Monies distributed to the fund from the Arizona highway user
14 revenue fund by the legislature subject to section 28-1598, subsection ~~D~~ C.

15 2. Miscellaneous service fees.

16 3. Rewards.

17 4. Awards.

18 5. Insurance recoveries.

19 6. Receipts from the sale or disposal of any or all property held by
20 the Arizona highway patrol or purchased with Arizona highway patrol funds.

21 7. Monies received from the public safety personnel retirement system
22 pursuant to section 20-224.01.

23 C. All monies in the Arizona highway patrol fund shall be administered
24 and expended by the patrol superintendent in conformity with the laws
25 governing state financial operations.

26 D. No monies in the Arizona highway patrol fund shall revert to the
27 general or Arizona highway user revenue fund, and such monies shall be exempt
28 from the provisions of section 35-190, relating to lapsing of appropriations.

29 E. The Arizona highway patrol fund shall be used for the purpose of
30 administering the provisions of law relating to the highway patrol and the
31 Arizona highway patrol reserve and all matters pertaining thereto, except
32 that monies received pursuant to subsection B, paragraph 7 of this section
33 shall be used for the department of public safety.

34 Sec. 9. Section 28-2003, Arizona Revised Statutes, is amended to read:
35 28-2003. Issuance of bonds; definitions

36 A. The transportation board shall, subject to this chapter, have the
37 power and is authorized:

38 1. To issue its negotiable bonds in such principal amount as, in the
39 opinion of the transportation board, shall be necessary to provide sufficient
40 monies for any highway purpose to establish reserves to secure the bonds and
41 to provide for the payment of all other expenditures of the transportation
42 board incident to and necessary and convenient to carry out such purposes.
43 The amount of bonds which may be issued shall be determined pursuant to
44 section 28-2006.

1 2. To issue refunding bonds when the transportation board deems
2 refunding expedient, to refund any bonds issued by the transportation board
3 or by its predecessor in interest, the Arizona state highway commission,
4 where such bonds are secured from the same source of revenues as the bonds
5 herein authorized, by the issuance of new bonds, whether the bonds to be
6 refunded have or have not matured, and may issue bonds partly to refund bonds
7 then outstanding and partly for any highway purpose consistent with this
8 article or as may be hereafter authorized by the legislature. Regardless of
9 whether or not the bonds are of such form or character as to be negotiable
10 instruments under the terms of the negotiable instruments law, the bonds
11 shall be and are hereby made fully negotiable within the meaning of and for
12 all purposes of the negotiable instruments law. The transportation board may
13 provide for the registration as to the principal or both principal and
14 interest of the bonds.

15 B. The bonds shall be authorized by resolution of the transportation
16 board, shall bear such date or dates and shall mature at such time or times,
17 not exceeding twenty years from their respective dates, as such resolution
18 or resolutions may provide. The bonds shall bear interest at such rate or
19 rates, including rates which may vary from time to time in accordance with
20 parameters set by the board in the authorizing resolution, be in such
21 denominations, be in such form, either coupon or registered, be executed in
22 such manner, be payable in such medium of payment, at the office of the state
23 treasurer of this state or at such other place or places, and be subject to
24 such terms of redemption, at the option of either the board or the owner of
25 the bond, as such resolution or resolutions may provide. The bonds shall be
26 sold at public or private sale above, at or below par and on such terms as
27 the transportation board may determine, provided that bonds to fund or refund
28 other bonds may be exchanged with the holders of such bonds being funded or
29 refunded on such terms as the transportation board may determine.

30 C. In connection with the issuance of the bonds authorized by this
31 chapter or in order to secure the payment of such bonds and interest thereon,
32 the transportation board may by resolution:

33 1. Provide that bonds issued under this article may be secured by a
34 first lien, subject to the provisions of section 28-2005, on all or any part
35 of the monies paid into the state highway fund from the sources specifically
36 collected as prescribed in article IX, section 14 of the Constitution of
37 Arizona and the monies distributed pursuant to section 28-1591, ~~subsections~~
38 ~~C and~~ SUBSECTION E.

39 2. Pledge and assign to or in trust, with a trustee appointed by the
40 board, for the benefit of the holder or the holders of the bonds any part
41 of the state highway fund revenues collected as prescribed in article IX,
42 section 14 of the Constitution of Arizona and the monies distributed pursuant
43 to section 28-1591, ~~subsections C and~~ SUBSECTION E, as will be necessary to
44 pay the principal of and interest on the bonds as the same shall become due.

- 1 3. Set aside, regulate and dispose of reserves and sinking funds.
- 2 4. Provide that sufficient amounts of the proceeds from the sale of
- 3 the bonds may be used to fully or partly fund any and all reserves or sinking
- 4 funds set up by the bond resolution.
- 5 5. Prescribe the procedure, if any, by which the terms of any contract
- 6 with bondholders may be amended or abrogated, the amount of bonds the holders
- 7 of which must consent thereto and the manner in which such consent may be
- 8 given.
- 9 6. Provide for payment from the proceeds of the sale of the bonds of
- 10 all fees, charges and bond related expenses or obligations incurred by the
- 11 transportation board in the issuance, sale, delivery and payment of the
- 12 bonds.
- 13 7. Do any other matters, of like or different character, which may in
- 14 any way affect the security and protection of the bonds.
- 15 D. It is intended in the enactment of this article:
- 16 1. That any pledge made pursuant to this article shall be valid and
- 17 binding from the time when the pledge is made.
- 18 2. That the monies so pledged and received by the state treasurer to
- 19 be placed in the state highway fund shall be immediately subject to the lien
- 20 of such pledge without any future physical delivery or further act and that
- 21 any such lien of any such pledge shall be valid or binding against all
- 22 parties having claims of any kind in tort, contract or otherwise against the
- 23 transportation board irrespective of whether such parties have notice
- 24 thereof. The official resolution or trust indenture or any instrument by
- 25 which this pledge is created shall, when placed in the records of the
- 26 transportation board, be notice to all concerned of the creation of the
- 27 pledge, and such instruments need not be recorded in any other place.
- 28 E. Neither the members of the transportation board nor any person
- 29 executing the bonds shall be personally liable for the payment of the bonds.
- 30 The bonds shall be valid and binding obligations of the transportation
- 31 department notwithstanding the fact that before the delivery thereof any of
- 32 the officers whose signatures appear thereon shall cease to be officers of
- 33 the transportation department. From and after the sale and delivery of the
- 34 bonds, they shall be incontestable by the transportation board or department.
- 35 F. The transportation board may, out of any funds available therefor,
- 36 purchase bonds, which bonds shall thereupon be canceled, at a price not
- 37 exceeding either of the following:
- 38 1. If the bonds are then redeemable, the redemption price then
- 39 applicable plus accrued interest to the next interest payment date thereon.
- 40 2. If the bonds are not then redeemable, the redemption price
- 41 applicable on the first date after such purchase upon which the bonds become
- 42 subject to redemption plus accrued interest to such date.
- 43 G. The transportation board shall publish a notice of its intention
- 44 to issue bonds under this article for at least five consecutive days in a

1 newspaper published in this state. The last day of publication must be at
2 least ten days before the issuance of the bonds. Such notice shall state the
3 amount of the bonds to be sold and the intended date of issuance. A copy of
4 such notice shall be hand delivered or sent, as registered mail with return
5 receipt, to the director of the department of administration on or before the
6 last day of publication.

7 Sec. 10. Hold harmless

8 A. Beginning fiscal year 1996-1997, an incorporated city or town shall
9 not receive less than the amount the city or town received pursuant to
10 section 28-1598, Arizona Revised Statutes, in fiscal year 1995-1996, unless
11 the city or town receives less than that amount based on changes in
12 population.

13 B. Subject to subsection A of this section and notwithstanding section
14 28-1822, Arizona Revised Statutes, if under section 28-1598, Arizona Revised
15 Statutes, as amended by this act, an incorporated city or town would receive
16 less than the amount the city or town received pursuant to section 28-1598,
17 Arizona Revised Statutes, in fiscal year 1995-1996, the balance due the city
18 or town shall be distributed proportionately from those cities and towns
19 receiving more revenues in future fiscal years than the amount the city or
20 town received pursuant to section 28-1598, Arizona Revised Statutes, in
21 fiscal year 1995-1996, except that no city or town's revenues shall be
22 reduced for this purpose below the amount the city or town received pursuant
23 to section 28-1598, Arizona Revised Statutes, in fiscal year 1995-1996. The
24 department of transportation may make monthly adjustments to the
25 distributions made pursuant to this subsection based on annual projections
26 of each incorporated city or town's estimated excess or shortfall calculated
27 pursuant to this subsection.

28 Sec. 11. State highway fund; expenditures

29 A. Notwithstanding section 28-1822, Arizona Revised Statutes, the
30 department of transportation shall expend the sum of \$850,000 from the state
31 highway fund in each of the fiscal years 1996-1997, 1997-1998 and 1998-1999
32 for state highway rights-of-way treatment in accordance with the following:

33 1. To oversee the multiple vegetative treatment of rights-of-way along
34 Arizona state highways to reduce public safety hazards from animal accidents,
35 ice hazards and fire and provide for safer transportation corridors.

36 2. To provide treatments involving tree thinning, underbrush removal,
37 pruning, chipping of scrap material, seeding and approved harvesting.

38 B. The state department of transportation shall coordinate the
39 counties and other affected state and federal organizations as needed for
40 implementation of this section.

41 C. The appropriations made in subsection A of this section are exempt
42 from the provisions of section 35-190, Arizona Revised Statutes, relating to
43 lapsing of appropriations, except that monies remaining unexpended and
44 unencumbered on July 1, 1999 revert to the state highway fund.

1 Sec. 12. Limitation on allocations for fiscal year 1996-1997

2 A. Notwithstanding section 28-1591, subsection E, paragraph 4, Arizona
3 Revised Statutes, as amended by this act, for fiscal year 1996-1997 the
4 maximum amount that may be distributed to the state treasurer for deposit in
5 the state highway fund is \$6,000,000. Any amounts in excess of \$6,000,000
6 shall be deposited in the state general fund for general purposes.

7 B. Notwithstanding section 28-1598, subsection E, paragraph 1, Arizona
8 Revised Statutes, as amended by this act, for fiscal year 1996-1997 the state
9 treasurer shall distribute \$772,000 to the state highway fund from the
10 revenues that would be otherwise distributed to the counties.

11 Sec. 13. Delayed repeal

12 A. Section 10 of this act is repealed from and after June 30, 2001.

13 B. Section 11 of this act is repealed from and after June 30, 1999.

14 Sec. 14. Retroactivity

15 This act applies retroactively to from and after June 30, 1996.

APPROVED BY THE GOVERNOR MAY2, 1996

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY2, 1996