

State of Arizona  
House of Representatives  
Forty-fifth Legislature  
Second Regular Session  
2002

CHAPTER 288

**HOUSE BILL 2177**

AN ACT

AMENDING SECTIONS 5-801, 5-803, 5-804, 5-807, 5-812 AND 5-813, ARIZONA REVISED STATUTES; AMENDING TITLE 5, CHAPTER 8, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 5-814; AMENDING SECTIONS 5-835, 5-836, 5-837, 5-838, 5-839 AND 5-840, ARIZONA REVISED STATUTES; AMENDING SECTION 41-2306, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2000, CHAPTER 375, SECTION 3; AMENDING SECTION 42-5029, ARIZONA REVISED STATUTES; CHANGING THE DESIGNATION OF TITLE 5, CHAPTER 8, ARIZONA REVISED STATUTES, TO "SPRING TRAINING AND AMATEUR SPORTS AUTHORITY"; AMENDING SECTION 5-801, ARIZONA REVISED STATUTES, AS AMENDED BY SECTION 1 OF THIS ACT; AMENDING SECTION 5-802, ARIZONA REVISED STATUTES; AMENDING SECTION 5-804, ARIZONA REVISED STATUTES, AS AMENDED BY SECTION 3 OF THIS ACT; AMENDING SECTION 5-805, ARIZONA REVISED STATUTES; REPEALING SECTION 5-807, ARIZONA REVISED STATUTES; AMENDING TITLE 5, CHAPTER 8, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 5-807; AMENDING SECTIONS 5-808 AND 5-809, ARIZONA REVISED STATUTES; REPEALING SECTION 5-810, ARIZONA REVISED STATUTES; AMENDING SECTION 5-811, ARIZONA REVISED STATUTES; REPEALING SECTION 5-813, ARIZONA REVISED STATUTES; AMENDING SECTION 5-814, ARIZONA REVISED STATUTES, AS ADDED BY SECTION 7 OF THIS ACT; AMENDING SECTION 5-831, ARIZONA REVISED STATUTES; REPEALING SECTIONS 5-832, 5-833 AND 5-834, ARIZONA REVISED STATUTES; AMENDING SECTION 5-835, ARIZONA REVISED STATUTES, AS AMENDED BY SECTION 8 OF THIS ACT; AMENDING SECTION 5-836, ARIZONA REVISED STATUTES, AS AMENDED BY SECTION 9 OF THIS ACT; AMENDING SECTION 5-837, ARIZONA REVISED STATUTES, AS AMENDED BY SECTION 10 OF THIS ACT; AMENDING

SECTION 5-838, ARIZONA REVISED STATUTES, AS AMENDED BY SECTION 11 OF THIS ACT; AMENDING SECTIONS 5-861, 5-862, 5-864, 5-865, 5-866, 5-869, 5-871, 5-872, 5-873, 5-874, 5-877 AND 42-1116, ARIZONA REVISED STATUTES; AMENDING SECTION 42-5029, ARIZONA REVISED STATUTES, AS AMENDED BY SECTION 15 OF THIS ACT; REPEALING SECTION 42-5032.01, ARIZONA REVISED STATUTES; AMENDING SECTIONS 42-5061, 42-5073, 42-5074 AND 42-5075, ARIZONA REVISED STATUTES; REPEALING SECTION 43-209, ARIZONA REVISED STATUTES; RELATING TO SPORTS AUTHORITIES; PROVIDING FOR CONDITIONAL ENACTMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)



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

2 Section 1. Section 5-801, Arizona Revised Statutes, is amended to  
3 read:

4 5-801. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Authority" means the tourism and sports authority.

7 2. "Board" means the board of directors of the authority.

8 3. "INDIAN TRIBE" MEANS ANY ORGANIZED INDIAN NATION, TRIBE, BAND OR  
9 COMMUNITY THAT IS RECOGNIZED AS AN INDIAN TRIBE BY THE UNITED STATES  
10 DEPARTMENT OF THE INTERIOR.

11 ~~3.~~ 4. "Multipurpose facility" means any facility that is suitable to  
12 be used to accommodate PROFESSIONAL FOOTBALL FRANCHISES, MAJOR COLLEGE  
13 FOOTBALL BOWL SPONSORS, OTHER sporting events and entertainment, cultural,  
14 civic, meeting, trade show or convention events or activities and may include  
15 a stadium, on-site infrastructure, parking garages and lots and related  
16 commercial uses within the facility.

17 5. "SITE HOST" MEANS ANY OF THE FOLLOWING ENTITIES THAT OWNS ALL OR  
18 PART OF THE MULTIPURPOSE FACILITY SITE AT THE TIME THE SITE IS PROVIDED TO  
19 THE AUTHORITY PURSUANT TO SECTION 5-807:

20 (a) THIS STATE OR ANY AGENCY OF THIS STATE.

21 (b) THE COUNTY IN WHICH THE AUTHORITY IS LOCATED.

22 (c) ANY CITY OR TOWN LOCATED IN THE COUNTY IN WHICH THE AUTHORITY IS  
23 LOCATED.

24 (d) ANY INDIAN TRIBE IF ALL OR PART OF THE TRIBE'S RESERVATION IS  
25 LOCATED IN THAT COUNTY.

26 Sec. 2. Section 5-803, Arizona Revised Statutes, is amended to read:

27 5-803. Board of directors

28 A. The authority is governed by a board of directors consisting of the  
29 following members who must reside in the county in which the authority is  
30 established:

31 1. Five members appointed by the governor pursuant to section  
32 ~~38-211. One of these members shall be from the tourism industry and one~~  
33 ~~shall be from the hotel and motel industry located in the authority.~~ No more  
34 than three of these members may be from the same political party. OF THESE  
35 MEMBERS, THE GOVERNOR SHALL APPOINT:

36 (a) ONE MEMBER FROM THE TOURISM INDUSTRY IN THE AUTHORITY.

37 (b) ONE MEMBER FROM THE HOTEL AND MOTEL INDUSTRY LOCATED IN THE  
38 AUTHORITY.

39 (c) ONE MEMBER REPRESENTING A YOUTH SPORTS ORGANIZATION IN THE  
40 AUTHORITY.

41 (d) ONE MEMBER REPRESENTING A MAJOR LEAGUE BASEBALL SPRING TRAINING  
42 ORGANIZATION IN THE AUTHORITY.

43 2. Two members WHO ARE appointed by the president of the senate AND  
44 who are not of the same political party.

1           3. Two members WHO ARE appointed by the speaker of the house of  
2 representatives AND who are not of the same political party.

3           B. No member of the board may simultaneously hold any state or local  
4 elective public office. The governor, president of the senate and speaker  
5 of the house of representatives shall make appointments to produce a general  
6 geographically diverse representation of areas in the authority. Members of  
7 the board shall be appointed for terms of five years. A member may be  
8 reappointed for one full subsequent term.

9           C. Members of the board are eligible for compensation as provided by  
10 section 38-611.

11           Sec. 3. Section 5-804, Arizona Revised Statutes, is amended to read:

12           5-804. Administrative powers and duties

13           A. The board of directors, on behalf of the authority, may:

14           1. Adopt and use a corporate seal.

15           2. Sue and be sued.

16           3. Enter into contracts, including intergovernmental agreements under  
17 title 11, chapter 7, article 3, as necessary to carry out the purposes and  
18 requirements of this chapter.

19           4. Enter into an intergovernmental agreement under title 11, chapter  
20 7, article 3 with the Arizona exposition and state fair board for the joint  
21 use of properties and facilities, sharing administration, personnel and  
22 resources and other matters that are beneficial to the purposes of the  
23 multipurpose facility and the state fair.

24           5. Adopt administrative rules as necessary to administer and operate  
25 the authority and any property under its jurisdiction.

26           6. Acquire by any lawful means and operate, maintain, encumber and  
27 dispose of real and personal property and interests in property.

28           7. Retain legal counsel and other consultants as necessary to carry  
29 out the purposes of the authority.

30           B. The board of directors shall:

31           1. Appoint from among its members a chairman, a secretary and such  
32 other officers as may be necessary to conduct its business.

33           2. Employ an executive director and prescribe the terms and conditions  
34 of employment.

35           3. Keep and maintain a complete and accurate record of all of its  
36 proceedings. The board is a public body for purposes of title 38, chapter  
37 3, article 3.1 and title 39, chapter 1.

38           4. Provide for the use, maintenance and operation of the properties  
39 and interests owned or controlled by the authority.

40           5. ON OR BEFORE SEPTEMBER 12, 2002, APPROVE A SITE FOR THE  
41 CONSTRUCTION OF THE MULTIPURPOSE FACILITY PROPOSED AT ANY TIME BEFORE THAT  
42 DATE BY SITE HOSTS.

1           Sec. 4. Section 5-807, Arizona Revised Statutes, is amended to read:

2           5-807. Constructing and operating multipurpose facility

3           A. The authority shall construct, finance, furnish, maintain, improve,  
4 operate, market and promote the use of a multipurpose facility and do all  
5 things necessary or convenient to accomplish those purposes. ~~The county or~~  
6 ~~city in which the multipurpose facility is located~~ ONE OR MORE SITE HOSTS  
7 shall provide the land, infrastructure and parking facilities associated with  
8 the multipurpose facility. The authority shall ~~hold legal title to any OWN~~  
9 THE multipurpose facility, subject only to liens and other security interests  
10 of record. THE AUTHORITY MAY OWN OR LEASE THE LAND ON WHICH THE MULTIPURPOSE  
11 FACILITY IS LOCATED.

12           B. The executive director shall:

13           1. Recommend to the board for its approval a contractor and architect,  
14 unless the architect will be employed directly by the contractor.

15           2. Work with the users, contractor and architect to prepare a design  
16 for the multipurpose facility and submit the design to the board for its  
17 approval.

18           3. Prepare the construction budget and schedule for the multipurpose  
19 facility and submit it THEM to the board for its approval.

20           4. Prepare the annual operating budget for the multipurpose facility  
21 and submit it to the board for its approval.

22           5. Negotiate use agreements with parties that will use the  
23 multipurpose facility on a regular basis, including parties that will make  
24 a contribution toward the construction of the facility, and submit the  
25 agreements to the board for its final action. Any such agreement that grants  
26 naming or other advertising rights must include a provision requiring the  
27 MULTIPURPOSE facility name and other advertising to comply with community  
28 decency standards.

29           6. Negotiate agreements with the contractor and architect, unless the  
30 architect will be employed directly by the contractor, and submit the  
31 agreements to the board for its final action.

32           7. Review construction change order requests and submit them to the  
33 board with recommendations for final action.

34           8. Arrange for capital and operating financing, as needed, and submit  
35 the transactions to the board for its final action.

36           9. Analyze and recommend to the board potential sites for the  
37 MULTIPURPOSE facility PROPOSED AT ANY TIME BEFORE SEPTEMBER 13, 2002 BY A  
38 SITE HOST.

39           10. ~~Negotiate an intergovernmental agreement pursuant to title 11,~~  
40 ~~chapter 7, article 3 with the county or the city in which the multipurpose~~  
41 ~~facility will be located~~ AGREEMENTS WITH SITE HOSTS, INCLUDING  
42 INTERGOVERNMENTAL AGREEMENTS PURSUANT TO TITLE 11, CHAPTER 7, ARTICLE 3 IF  
43 A SITE HOST IS A PUBLIC AGENCY, AS DEFINED IN SECTION 11-951, concerning the  
44 land, infrastructure and parking to be provided by the county or city SITE

1 HOST and submit the agreement AGREEMENTS to the board for its final action.  
2 ALL AGREEMENTS MUST:

3 (a) PROVIDE THAT THE SITE HOST SHALL INDEMNIFY AND HOLD HARMLESS THE  
4 AUTHORITY AND THIS STATE FROM ANY LIABILITY TO THE EXTENT RESULTING FROM THE  
5 NEGLIGENT OR INTENTIONAL ACTS OR OMISSIONS OF THE SITE HOST, ITS  
6 REPRESENTATIVES AND AGENTS OR EMPLOYEES RESULTING FROM ANY ACCESS WAYS  
7 PROVIDED BY THE SITE HOST AND REASONABLY USED BY THE PUBLIC FOR INGRESS AND  
8 EGRESS TO THE LAND, INFRASTRUCTURE AND PARKING FACILITIES PROVIDED BY THE  
9 SITE HOST FOR USE IN CONNECTION WITH THE MULTIPURPOSE FACILITY.

10 (b) REQUIRE ANY SITE HOST TO MAINTAIN INSURANCE OR AN ADEQUATE  
11 SELF-INSURANCE PLAN FOR ANY LIABILITY OF THE SITE HOST, WITH A WAIVER OF  
12 SOVEREIGN IMMUNITY IF NECESSARY.

13 11. In consultation with the users of the multipurpose facility,  
14 negotiate a contract with a management firm to operate, promote and market  
15 the multipurpose facility and submit the contract to the board for its final  
16 action.

17 12. In consultation with the users of the multipurpose facility,  
18 negotiate contracts with concessionaires and other providers for food,  
19 beverage and other services at the multipurpose facility and submit the  
20 contracts to the board for its final action.

21 13. Take other actions that are necessary to ensure that the  
22 multipurpose facility is constructed according to the schedule and budget  
23 approved by the board.

24 C. Title 34 applies to the authority, except that regardless of the  
25 funding source for design and construction of facilities and structures and  
26 notwithstanding title 41, chapter 23, the authority may establish alternative  
27 systems and procedures, including the use of the design-build method of  
28 construction and the use of qualifications-based selection of contractors  
29 with experience in stadium design or construction, by either direct selection  
30 or by public competition, to expedite the design and construction of any of  
31 its facilities or structures or any facilities or structures leased to it or  
32 used by it pursuant to an intergovernmental agreement. For purposes of this  
33 subsection:

34 1. "Design-build" means a process of entering into and managing a  
35 contract between the authority and another party in which the other party  
36 agrees to both design and build any structure, facility or other items  
37 specified in the contract.

38 2. "Qualifications-based selection" means a process of entering into  
39 and managing a contract between the authority and another party in which the  
40 other party is selected by the authority on the basis of the party's  
41 qualifications and experience in designing or constructing facilities,  
42 structures or other items similar to those the authority is authorized to  
43 construct or lease.

44 D. The plans and specifications for the multipurpose facility are  
45 subject to review and approval by the board. The board shall inspect and

1 approve construction of the facility, if it conforms to the plans and  
2 specifications and applicable engineering standards. Throughout the life of  
3 the multipurpose facility, the board is responsible and shall monitor and  
4 take action as necessary to ensure the appropriate maintenance and operation  
5 of the facility.

6 E. TO ASSURE THAT A SITE HOST HAS THE FINANCIAL CAPABILITY TO PERFORM  
7 ITS OBLIGATIONS UNDER ANY AGREEMENTS WITH THE AUTHORITY, BEFORE ENTERING INTO  
8 AN AGREEMENT WITH ANY SITE HOST, THE AUTHORITY SHALL EITHER:

9 1. CAUSE A REVIEW OF THE FINANCIAL BOOKS AND RECORDS OF THE SITE HOST  
10 BY AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT SELECTED BY THE AUTHORITY WHO  
11 SHALL PREPARE FOR THE AUTHORITY, AND ATTEST TO, A REPORT SETTING FORTH THE  
12 RESULTS OF THAT REVIEW.

13 2. PROVIDE IN THE AGREEMENT WITH THE SITE HOST ANOTHER METHOD FOR  
14 ASSURING THE PAYMENT OF THE OBLIGATIONS OF THE SITE HOST. THE ALTERNATIVE  
15 METHODS FOR ASSURING PAYMENT MAY INCLUDE:

16 (a) DEPOSITS IN A CONSTRUCTION TRUST ACCOUNT IN AN AMOUNT EQUAL TO THE  
17 SITE HOST'S ESTIMATED OBLIGATIONS TO THE AUTHORITY.

18 (b) POSTING A BOND IN AN AMOUNT EQUAL TO THE SITE HOST'S ESTIMATED  
19 OBLIGATIONS TO THE AUTHORITY.

20 (c) PROVIDING THE AUTHORITY WITH A LETTER OF CREDIT IN AN AMOUNT EQUAL  
21 TO THE SITE HOST'S ESTIMATED OBLIGATIONS TO THE AUTHORITY.

22 (d) OTHER SIMILAR FINANCIAL ASSURANCE.

23 F. THE AUTHORITY SHALL PROVIDE IN ANY AGREEMENTS BETWEEN THE AUTHORITY  
24 AND A SITE HOST THAT IS AN INDIAN TRIBE:

25 1. A WAIVER OF SOVEREIGN IMMUNITY TO ALLOW THE ENFORCEMENT BY THE  
26 AUTHORITY OF THE AGREEMENTS ENTERED INTO BETWEEN THE AUTHORITY AND THE INDIAN  
27 TRIBE.

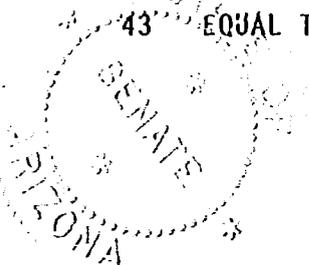
28 2. A CONSENT TO THE JURISDICTION OF STATE AND FEDERAL COURTS BY THE  
29 INDIAN TRIBE.

30 3. A WAIVER OF THE RIGHT TO REQUIRE THE AUTHORITY TO EXHAUST TRIBAL  
31 REMEDIES BEFORE BRINGING AN ACTION IN STATE OR FEDERAL COURTS.

32 4. THAT STATE AND FEDERAL LAW WILL GOVERN THE INTERPRETATION OF ANY  
33 AGREEMENTS ENTERED INTO BETWEEN THE AUTHORITY AND THE INDIAN TRIBE.

34 5. AN AGREEMENT THAT THE INDIAN TRIBE WILL LEVY, COLLECT AND PAY TO  
35 THE AUTHORITY A CHARGE OR OTHER IMPOSITION EQUIVALENT TO THE TAXES PROVIDED  
36 IN SECTION 5-840 FOR ANY HOTEL LOCATED WITHIN A DEVELOPMENT AREA TO BE  
37 DEFINED BY AGREEMENT BETWEEN THE AUTHORITY AND THE INDIAN TRIBE AROUND THE  
38 MULTIPURPOSE FACILITY.

39 6. AN AGREEMENT THAT THE INDIAN TRIBE WILL PROVIDE FOR AN ANNUAL  
40 DISCLOSURE OF GROSS PROCEEDS OF SALES OR GROSS INCOME AS DETERMINED FOR  
41 PURPOSES OF A TAX BASE UNDER THE TRANSIENT LODGING TRANSACTION PRIVILEGE TAX  
42 CLASSIFICATION UNDER SECTION 42-5070 AND CONTRIBUTIONS MADE TO THE AUTHORITY  
43 EQUAL TO THE TAXES AS PROVIDED BY SECTION 5-840.



1           Sec. 5. Section 5-812, Arizona Revised Statutes, is amended to read:  
2           5-812. Performance audit

3           A. Beginning ~~in 2010~~ NOT LATER THAN 2004 and AT LEAST every tenth  
4 FIFTH year thereafter, the auditor general shall conduct a performance audit,  
5 AS DEFINED IN SECTION 41-1278, of the authority, ~~as defined in section~~  
6 ~~41-1278~~.

7           B. On or before November 30 of the respective year the auditor general  
8 shall issue a public report of the performance audit including findings and  
9 specific recommendations for statutory and administrative changes to improve  
10 the operation of the authority. The auditor general shall submit copies of  
11 the report to the governor, president of the senate, speaker of the house of  
12 representatives, secretary of state and ~~department of~~ THE DIRECTOR OF THE  
13 ARIZONA STATE library, archives and public records.

14           Sec. 6. Section 5-813, Arizona Revised Statutes, is amended to read:

15           5-813. Disadvantaged business enterprise participation goals;  
16                           contractor employment requirements

17           A. Notwithstanding any other law, the authority shall:

18           1. Establish disadvantaged business enterprise participation goals for  
19 the design, engineering and construction of the multipurpose facility under  
20 section 5-807 based on the availability of ready, willing and able  
21 disadvantaged business enterprises compared to the general population of  
22 consultants, prime contractors and subcontractors, suppliers and service  
23 providers.

24           2. Establish procedures for meeting these goals, including compiling  
25 a registry of disadvantaged business enterprises that are certified by a  
26 local, county or state agency.

27           3. Require monthly reports by the project coordinator regarding  
28 compliance with the goals.

29           4. Monitor compliance with this section through intergovernmental  
30 agreements with a state or county disadvantaged business enterprise program  
31 monitor or a contract with an independent organization that is experienced  
32 in monitoring disadvantaged business enterprise programs.

33           5. Impose sanctions if, based on recommendations of the monitoring  
34 organization, the authority determines that a good faith effort was not made  
35 to comply with the established procedures.

36           B. THE AUTHORITY SHALL PROVIDE THAT ANY CONTRACT WITH RESPECT TO THE  
37 DESIGN, ENGINEERING AND CONSTRUCTION OF THE MULTIPURPOSE FACILITY UNDER  
38 SECTION 5-807 SHALL REQUIRE EACH PRIME CONTRACTOR AND MAJOR SUBCONTRACTORS  
39 TO PROVIDE HEALTH INSURANCE TO THE CONTRACTOR'S EMPLOYEES AND DEPENDENTS OF  
40 THE CONTRACTOR'S EMPLOYEES, EXCEPT FOR THOSE EMPLOYEES WHO WORK LESS THAN ONE  
41 HUNDRED TWENTY DAYS IN A CALENDAR YEAR.

42           C. The executive director, the project coordinator and all persons  
43 who enter into contracts, agreements or understandings related to the  
44 construction and operation of the multipurpose facility shall comply with the  
45 procedures established pursuant to this section.

1           Sec. 7. Title 5, chapter 8, article 1, Arizona Revised Statutes, is  
2 amended by adding section 5-814, to read:

3           5-814. Monthly report; appearance before joint legislative  
4                           budget committee

5           A. WITHIN THREE WEEKS AFTER THE END OF EACH CALENDAR MONTH THE  
6 AUTHORITY SHALL PREPARE A REPORT SIGNED BY THE EXECUTIVE DIRECTOR OF THE  
7 AUTHORITY AND TRANSMIT THE REPORT TO THE GOVERNOR, THE LEGISLATURE, AS  
8 PROVIDED BY SECTION 41-1178, AND THE JOINT LEGISLATIVE BUDGET COMMITTEE. THE  
9 REPORT SHALL INCLUDE A PROGRESS REPORT OF THE ACTIVITIES OF THE AUTHORITY  
10 DURING THE PREVIOUS MONTH.

11           B. AT THE REQUEST OF THE CHAIRMAN OF THE JOINT LEGISLATIVE BUDGET  
12 COMMITTEE, THE EXECUTIVE DIRECTOR SHALL APPEAR BEFORE THE JOINT LEGISLATIVE  
13 BUDGET COMMITTEE ANNUALLY TO REPORT ON THE ACTIVITIES AND FINANCIAL  
14 PERFORMANCE OF THE AUTHORITY DURING THE PREVIOUS YEAR.

15           Sec. 8. Section 5-835, Arizona Revised Statutes, is amended to read:  
16           5-835. Tourism revenue clearing account

17           A. The authority shall maintain a tourism revenue clearing account  
18 within the general fund consisting of monies transmitted to the authority by  
19 the state treasurer pursuant to sections 5-839 and 5-840. On the second  
20 Tuesday of each month, the treasurer of the authority shall distribute all  
21 monies in the account as provided by this section.

22           B. For as long as the authority owes debt service on bonds or other  
23 debt obligations payable from revenues or monies deposited in the tourism  
24 revenue clearing account, the treasurer shall distribute all monies in the  
25 account in the following order of priority:

26           1. To the debt service account established by section 5-865, an amount  
27 equal to one-twelfth of the annual debt service on bonds and other debt  
28 obligations issued by the authority for not more than one-half of three  
29 hundred thirty-one million dollars of the capital costs associated with  
30 constructing the multipurpose facility, plus interest earned on any monies  
31 escrowed before payment to the debt service account, amortized over a thirty  
32 year repayment term and that are secured in whole or in part by and payable  
33 from revenues or monies deposited in the tourism revenue clearing account,  
34 or a lesser amount as determined by the authority.

35           2. To the tourism fund established by section 41-2306, an amount equal  
36 to one-twelfth of four million dollars over the first twelve months of  
37 distribution, increased in each subsequent twelve month period by an  
38 additional five per cent over the preceding twelve months' distribution.

39           3. To the cactus league promotion account established by section  
40 5-837, an amount equal to:

41           During the first eighty-four months	\$250,000 per month
42           During the eighty-fifth through one	
43           hundred twentieth months	\$333,333 per month
44           During the one hundred twenty-first through	
45           one hundred forty-fourth months	\$500,000 per month

1           During the one hundred forty-fifth through  
2                   one hundred ninety-second months                   \$583,333 per month  
3           During the one hundred ninety-third through  
4                   two hundred fortieth months                   \$666,667 per month  
5           During the two hundred forty-first through  
6                   two hundred eighty-eighth months                   \$750,000 per month  
7           During the two hundred eighty-ninth through  
8                   three hundred twelfth months                   \$833,333 per month  
9           During the three hundred thirteenth through  
10                   three hundred sixtieth months                   \$916,667 per month

11           ~~5.~~ 4. To the youth and amateur sports facilities fund ACCOUNT  
12 established by section 5-838, an amount equal to one-twelfth of one million  
13 dollars over the first twelve months of distribution, increased in each  
14 subsequent twelve month period by an additional one hundred thousand dollars  
15 over the prior twelve months' distribution.

16           ~~4.~~ 5. To the operating account established by section 5-836, an  
17 amount equal to one-twelfth of the authority's adopted budget for the period  
18 for the purposes set forth in section 5-836, subsection B, paragraphs 1 and  
19 2 ~~and net of any monies estimated to be available in the operating account~~  
20 ~~for those purposes in that period.~~

21           6. TO THE YOUTH AND AMATEUR SPORTS FACILITIES RESERVE ESTABLISHED BY  
22 SECTION 5-838, SUBSECTION B, AN AMOUNT REQUIRED TO BE DISTRIBUTED PURSUANT  
23 TO PARAGRAPH 4 DURING THE PRECEDING FISCAL YEAR TO THE YOUTH AND AMATEUR  
24 SPORTS FACILITIES ACCOUNT ESTABLISHED BY SECTION 5-838, SUBSECTION A, LESS  
25 ANY AMOUNT ON DEPOSIT IN THE YOUTH AND AMATEUR SPORTS FACILITIES RESERVE.

26           ~~6.~~ 7. To the operating account established by section 5-836, any  
27 monies remaining unallocated each month.

28           C. After all bonds and other debt obligations of the authority that  
29 are secured in whole or in part by and payable from revenues or monies  
30 deposited in the tourism revenue clearing account are redeemed or fully  
31 provided for, the treasurer of the authority shall distribute all monies  
32 remaining in the account after the distributions provided for by subsection  
33 B, paragraphs 2, 3 and ~~5~~ 4 of this section, and after the authority's repair  
34 and replacement requirements are funded pursuant to section 5-836, subsection  
35 C, paragraph 2, as follows:

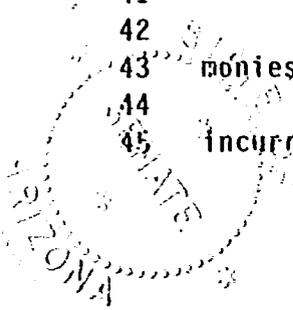
36           1. Seventy per cent to the tourism fund established by section  
37 41-2306.

38           2. Thirty per cent to the cactus league promotion account established  
39 by section 5-837.

40           Sec. 9. Section 5-836, Arizona Revised Statutes, is amended to read:  
41 5-836. Operating account

42           A. The authority shall maintain an operating account consisting of  
43 monies transmitted to the account pursuant to sections 5-834 and 5-835.

44           B. The authority may spend monies in the operating account for costs  
45 incurred for any of the following purposes:



1 1. Operating, marketing, promoting, furnishing and equipping a  
2 multipurpose facility.

3 2. Paying all costs associated with the authority's administrative  
4 duties as provided in sections 5-804 and 5-805.

5 3. Payment to the debt service account established by section 5-865  
6 to be used for payment or early redemption of bonded indebtedness.

7 C. The authority shall establish in the operating account:

8 1. A reserve to meet future operating costs of the authority,  
9 including amounts that are sufficient to pay all costs associated with events  
10 held at the multipurpose facility.

11 2. A reserve for repair, and replacement AND REMOVAL costs associated  
12 with the multipurpose facility in an amount at least equal to twenty-five  
13 million dollars, adjusted for inflation each year after 2001.

14 D. This state is not liable or responsible for the operating costs of  
15 the authority, including the operating, marketing, promotion, furnishing,  
16 equipping, repair or replacement costs of any facility or project funded by  
17 the authority.

18 Sec. 10. Section 5-837, Arizona Revised Statutes, is amended to read:  
19 5-837. Cactus league promotion account

20 A. The authority shall maintain a cactus league promotion account  
21 consisting of monies transmitted to the account pursuant to section 5-835.

22 B. The authority shall use monies in the fund ACCOUNT for purposes of  
23 section 5-808.

24 C. The authority may pledge all or part of the revenues and other  
25 monies received by the authority to secure bonds or other debt obligations  
26 issued by the authority for the purposes of providing monies for expenditure  
27 under this section. As nearly as practicable, the bonds issued pursuant to  
28 this subsection shall be authorized and issued in a manner consistent with  
29 article 3 of this chapter, except that the proceeds of the bonds shall be  
30 spent pursuant to this section. The pledge securing bonds issued pursuant  
31 to this section is subordinate to the pledge securing bonds or other debt  
32 obligations issued pursuant to article 3 of this chapter and, except for  
33 monies already in the cactus league promotion account, to the distribution  
34 of monies pursuant to section 5-835, subsection B, paragraph 2.

35 Sec. 11. Section 5-838, Arizona Revised Statutes, is amended to read:  
36 5-838. Youth and amateur sports facilities account; reserve

37 A. The authority shall maintain a youth and amateur sports facilities  
38 account consisting of monies transmitted to the account pursuant to section  
39 5-835.

40 B. THE AUTHORITY SHALL ESTABLISH A YOUTH AND AMATEUR SPORTS FACILITIES  
41 RESERVE WITHIN THE ACCOUNT CONSISTING OF MONIES TRANSMITTED TO THE RESERVE  
42 PURSUANT TO SECTION 5-835, SUBSECTION B, PARAGRAPH 6. THE AUTHORITY SHALL  
43 TRANSFER FROM THE RESERVE TO THE ACCOUNT AN AMOUNT EQUAL TO ANY DEFICIENCY  
44 IN THE MONTHLY AMOUNT DISTRIBUTED TO THE ACCOUNT PURSUANT TO SECTION 5-835,  
45 SUBSECTION B, PARAGRAPH 3.

1           B. C. The authority shall use monies in the fund ACCOUNT for purposes  
2 of section 5-809.

3           Sec. 12. Section 5-839, Arizona Revised Statutes, is amended to read:

4           5-839. Car rental surcharge

5           A. The qualified electors residing in the authority, by majority vote  
6 at an election held in the authority, may levy and, if levied, the department  
7 of revenue shall collect a car rental surcharge beginning on the first day  
8 of the first month beginning ninety days after the election to levy the  
9 surcharge. The surcharge shall be in effect for three hundred sixty  
10 months, ~~except that if no bonds are issued under this chapter within two~~  
11 ~~years after the surcharge takes effect, the surcharge terminates and any~~  
12 ~~monies remaining unexpended and unencumbered shall be transferred to the~~  
13 ~~state general fund.~~

14           B. The rate of the surcharge is:

15           1. Three and one-fourth per cent of the gross proceeds or gross income  
16 from the business or two dollars fifty cents on each lease or rental,  
17 whichever is more.

18           2. In the case of a person who leases or rents the motor vehicle as  
19 a temporary replacement motor vehicle, two dollars fifty cents on each lease  
20 or rental. For purposes of this paragraph, "temporary replacement motor  
21 vehicle" means a vehicle loaned by a motor vehicle repair facility or dealer  
22 or rented by a person temporarily to use while the vehicle that it is  
23 replacing is not in use because of breakdown, repair, service, damage or  
24 loss.

25           C. The surcharge applies to the business of leasing or renting for  
26 less than one year motor vehicles for hire without a driver, that are  
27 designed to operate on the streets and highways of this state and that are  
28 primarily intended to carry not more than fourteen passengers, regardless of  
29 whether the vehicle is registered or licensed in this state.

30           D. The surcharge does not apply to the lease or rental of a motor  
31 vehicle to an automobile dealership, a repair facility, an insurance company  
32 or any other person that provides that vehicle at no charge to a person whose  
33 own motor vehicle is being repaired, adjusted or serviced.

34           E. The surcharge is not taxable under section 42-5071.

35           F. Unless the context otherwise requires, section 42-6102 governs the  
36 administration of a surcharge imposed under this section, which shall be  
37 reported on a form prescribed by the department of revenue. The department  
38 of revenue shall require a report of the number of lease or rental  
39 transactions and shall transmit that number to the state treasurer.

40           G. Each month the state treasurer shall distribute revenues collected  
41 pursuant to this section as follows:

42           1. Transmit an amount equal to two dollars fifty cents on each lease  
43 or rental transaction to the county stadium district established in the  
44 county in which the authority is located pursuant to title 48, chapter 26 for  
45 deposit in the county stadium district fund. The board of directors of the

1 county stadium district may pledge all or part of these monies to secure  
2 district bonds or financial obligations under title 48, chapter 26.

3 2. Pay the remainder of the monies collected during the month to the  
4 authority for deposit in the tourism revenue clearing account established by  
5 section 5-835.

6 Sec. 13. Section 5-840, Arizona Revised Statutes, is amended to read:  
7 5-840. Tax on hotels

8 A. The qualified electors residing in the authority, by majority vote  
9 at an election held in the authority, may levy and, if levied, the department  
10 of revenue shall collect a tax on the gross proceeds of sales or gross income  
11 from the business of every person engaging or continuing in a business taxed  
12 under title 42, chapter 5 and classified under section 42-5070 within the  
13 authority. A tax under this section is in addition to the tax imposed by  
14 title 42, chapter 5 and any tax imposed by a city or town in the authority.

15 B. If levied, the tax shall be levied under this section beginning on  
16 the first day of the first month beginning ninety days after the election to  
17 levy the tax. The tax shall be in effect for three hundred sixty  
18 months, ~~except that if no bonds are issued under this chapter within two~~  
19 ~~years after the tax takes effect, the tax terminates and any monies remaining~~  
20 ~~unexpended and unencumbered shall be transferred to the state general fund.~~

21 C. The rate of the tax is one per cent of the tax base prescribed by  
22 section 42-5070.

23 D. Unless the context otherwise requires, section 42-6102 governs the  
24 administration of the tax imposed under this section.

25 E. Each month the state treasurer shall transmit the net revenues  
26 collected pursuant to this section to the authority for deposit in the  
27 tourism revenue clearing account established by section 5-835.

28 Sec. 14. Section 41-2306, Arizona Revised Statutes, as amended by Laws  
29 2000, chapter 375, section 3, is amended from and after June 30, 2003, to  
30 read:

31 41-2306. Tourism fund

32 A. The tourism fund is established consisting of separate accounts  
33 derived from:

34 1. Revenues deposited pursuant to section 42-5029, ~~subsection D,~~  
35 ~~paragraph 4, subdivision (f).~~ The legislature shall appropriate All monies  
36 in this account ARE CONTINUOUSLY APPROPRIATED to the office of tourism for  
37 the purposes of operations and statewide tourism promotion.

38 2. Revenues deposited pursuant to section 5-835, subsection B or  
39 C. ~~The legislature shall appropriate All monies in this account ARE~~  
40 ~~CONTINUOUSLY APPROPRIATED to the office of tourism which, in consultation~~  
41 ~~with a consortium of destination marketing organizations in the county in~~  
42 ~~which the tourism and sports authority is established, shall be spent only~~  
43 ~~to promote tourism within that county and shall not be spent for~~  
44 ~~administrative or overhead expenses.~~

1           3. Revenues deposited pursuant to section 42-6108.01. The legislature  
2 shall appropriate all monies in this account to the office of tourism which,  
3 in conjunction with the destination marketing organization in the county in  
4 which the tax revenues are collected, shall be spent only to promote tourism  
5 within that county and shall not be spent for administrative or overhead  
6 expenses.

7           B. Monies in the fund are exempt from section 35-190 relating to  
8 lapsing of appropriations.

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

11           42-5029. Remission and distribution of monies

12           A. The department shall deposit, pursuant to sections 35-146 and  
13 35-147, all revenues collected under this article and articles 4, 5, 8 and  
14 9 of this chapter pursuant to section 42-1116, separately accounting for:

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

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

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

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

22           B. The department shall credit payments of estimated tax to an  
23 estimated tax clearing account and each month shall transfer all monies in  
24 the estimated tax clearing account to a fund designated as the transaction  
25 privilege and severance tax clearing account. The department shall credit  
26 all other payments to the transaction privilege and severance tax clearing  
27 account, separately accounting for the monies designated as distribution base  
28 under sections 42-5010, 42-5164, 42-5205, 42-5353 and 42-5409. Each month  
29 the department shall report to the state treasurer the amount of monies  
30 collected pursuant to this article and articles 4, 5, 8 and 9 of this  
31 chapter.

32           C. On notification by the department, the state treasurer shall  
33 distribute the monies deposited in the transaction privilege and severance  
34 tax clearing account in the manner prescribed by this section and by sections  
35 42-5164, 42-5205, 42-5353 and 42-5409, after deducting warrants drawn against  
36 the account pursuant to sections 42-1118 and 42-1254.

37           D. Of the monies designated as distribution base the department shall:

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

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

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

5 (b) The proportion that the distribution base monies collected during  
6 the calendar month in each county under this article, section 42-5164,  
7 subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409  
8 bear to the total distribution base monies collected under this article,  
9 section 42-5164, subsection B, section 42-5205, subsection B and sections  
10 42-5353 and 42-5409 throughout the state for the calendar month.

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

13 (a) Average the following proportions:

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

26 (ii) The proportion that the distribution base monies collected during  
27 the calendar month in each county under this article, section 42-5164,  
28 subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409  
29 bear to the total distribution base monies collected under this article,  
30 section 42-5164, subsection B, section 42-5205, subsection B and sections  
31 42-5353 and 42-5409 throughout the state for the calendar month.

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

42 4. After any distributions required by sections 42-5030.01, 42-5031,  
43 42-5032, 42-5032.01 and 42-5032.02, and after making any transfer to the  
44 water quality assurance revolving fund as required by section 49-282,

1 subsection B, credit the remainder of the monies designated as distribution  
2 base to the state general fund. From this amount:

3 (a) The legislature shall annually appropriate to:

4 (a) (i) The department of revenue sufficient monies to administer and  
5 enforce this article and articles 5, 8 and 9 of this chapter.

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

8 ~~(c) The tourism fund, through June 30, 2001, an amount equal to the~~  
9 ~~sum of the following:~~

10 ~~(i) Two million dollars.~~

11 ~~(ii) Seventy-five per cent of the amount by which revenues derived~~  
12 ~~from a one-half percentage rate portion of the total tax rate imposed on the~~  
13 ~~transient lodging classification for the current fiscal year exceed the~~  
14 ~~revenues derived from a one-half percentage rate portion of that tax in the~~  
15 ~~previous fiscal year.~~

16 ~~(d) (iii) The Arizona arts endowment fund established by section~~  
17 ~~41-986, the full amount by which revenues derived from the amusement~~  
18 ~~classification pursuant to section 42-5073 for the current fiscal year exceed~~  
19 ~~the revenues that were derived from that classification in fiscal year~~  
20 ~~1993-1994, except that this amount shall not exceed two million dollars~~  
21 ~~through fiscal year 2008-2009.~~

22 ~~(e) (iv) The firearms safety and ranges fund established by section~~  
23 ~~17-273, fifty thousand dollars derived from the taxes collected from the~~  
24 ~~retail classification pursuant to section 42-5061 for the current fiscal~~  
25 ~~year.~~

26 ~~(f) (b) THE STATE TREASURER SHALL TRANSFER TO the tourism~~  
27 ~~fund, beginning from and after June 30, 2001 an amount equal to the sum of~~  
28 ~~the following:~~

29 ~~(i) Three and one-half per cent of the gross revenues derived from the~~  
30 ~~transient lodging classification pursuant to section 42-5070 during the~~  
31 ~~preceding fiscal year.~~

32 ~~(ii) Three per cent of the gross revenues derived from the amusement~~  
33 ~~classification pursuant to section 42-5073 during the preceding fiscal year.~~

34 ~~(iii) Two per cent of the gross revenues derived from the restaurant~~  
35 ~~classification pursuant to section 42-5074 during the preceding fiscal year.~~

36 E. If approved by the qualified electors voting at a statewide general  
37 election, all monies collected pursuant to section 42-5010, subsection G and  
38 section 42-5155, subsection D shall be distributed each fiscal year pursuant  
39 to this subsection. The monies distributed pursuant to this subsection are  
40 in addition to any other appropriation, transfer or other allocation of  
41 public or private monies from any other source and shall not supplant,  
42 replace or cause a reduction in other school district, charter school,  
43 university or community college funding sources. The monies shall be  
44 distributed as follows:

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

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

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

21           4. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
22 subsection, one-twelfth of the amount a community college that is owned,  
23 operated or chartered by a qualifying Indian tribe on its own Indian  
24 reservation would receive pursuant to section 15-1472, subsection D,  
25 paragraph 2 if it were a community college district under the jurisdiction  
26 of the state board of directors for community colleges shall be distributed  
27 each month to the treasurer or other designated depository of a qualifying  
28 Indian tribe. Monies distributed pursuant to this paragraph are for the  
29 exclusive purpose of providing support to one or more community colleges  
30 owned, operated or chartered by a qualifying Indian tribe and shall be used  
31 in a manner consistent with section 15-1472, subsection B. For purposes of  
32 this paragraph, "qualifying Indian tribe" has the same meaning as defined in  
33 section 42-5031.01, subsection D.

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

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

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

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

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

43           (e) In fiscal year 2005-2006 and each fiscal year thereafter,  
44 \$86,280,500.

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

8           7. After transferring monies pursuant to paragraphs 1, 2 and 3 of this  
9 subsection, no more than seven million dollars may be appropriated by the  
10 legislature each fiscal year to the department of education to be used for  
11 accountability purposes as described in section 15-241 and title 15, chapter  
12 9, article 8.

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

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

21           10. After the payment of monies pursuant to paragraphs 1 through 9 of  
22 this subsection, the remaining monies collected during the preceding month  
23 shall be transferred to the classroom site fund established by section  
24 15-977. The monies shall be allocated as follows in the manner prescribed  
25 by section 15-977:

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

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

30           (c) Forty per cent shall be allocated for maintenance and operation  
31 purposes.

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

35           G. Notwithstanding subsection D of this section, if a court of  
36 competent jurisdiction finally determines that tax monies distributed under  
37 this section were illegally collected under this article or articles 5, 8 and  
38 9 of this chapter and orders the monies to be refunded to the taxpayer, the  
39 department shall compute the amount of such monies that was distributed to  
40 each city, town and county under this section. The department shall notify  
41 the state treasurer of that amount plus the proportionate share of additional  
42 allocated costs required to be paid to the taxpayer. Each city's, town's and  
43 county's proportionate share of the costs shall be based on the amount of the  
44 original tax payment each municipality and county received. Each month the  
45 state treasurer shall reduce the amount otherwise distributable to the city,

1 town and county under this section by one thirty-sixth of the total amount  
2 to be recovered from the city, town or county until the total amount has been  
3 recovered, but the monthly reduction for any city, town or county shall not  
4 exceed ten per cent of the full monthly distribution to that entity. The  
5 reduction shall begin for the first calendar month after the final  
6 disposition of the case and shall continue until the total amount, including  
7 interest and costs, has been recovered.

8 H. On receiving a certificate of default from the greater Arizona  
9 development authority pursuant to section 41-1554.06 or 41-1554.07 and to the  
10 extent not otherwise expressly prohibited by law, the state treasurer shall  
11 withhold from the next succeeding distribution of monies pursuant to this  
12 section due to the defaulting political subdivision the amount specified in  
13 the certificate of default and immediately deposit the amount withheld in the  
14 greater Arizona development authority revolving fund. The state treasurer  
15 shall continue to withhold and deposit the monies until the greater Arizona  
16 development authority certifies to the state treasurer that the default has  
17 been cured. In no event may the state treasurer withhold any amount that the  
18 defaulting political subdivision certifies to the state treasurer and the  
19 authority as being necessary to make any required deposits then due for the  
20 payment of principal and interest on bonds of the political subdivision that  
21 were issued before the date of the loan repayment agreement or bonds and that  
22 have been secured by a pledge of distributions made pursuant to this section.

23 Sec. 16. Validation of multipurpose facility site selection  
24 process

25 The process of solicitation and evaluation by the tourism and sports  
26 authority, established by title 5, chapter 8, Arizona Revised Statutes, of  
27 potential sites for a multipurpose facility after November 7, 2000 through  
28 the effective date of this act is confirmed, ratified and declared legally  
29 valid.

30 Sec. 17. Requirements for multipurpose facility site selection;  
31 deadline

32 A. The tourism and sports authority established pursuant to title 5,  
33 chapter 8, Arizona Revised Statutes, shall deliver to the governor and  
34 attorney general no later than 5:00 PM September 12, 2002 verified copies of  
35 an agreement or agreements between the authority and each site host providing  
36 land, infrastructure and parking facilities for a multipurpose facility  
37 pursuant to section 5-807, Arizona Revised Statutes, as amended by section  
38 3 of this act, fully executed by the parties and approved by the board of  
39 directors of the authority and the governing body of each site host.

40 B. The agreement or agreements required by subsection A of this  
41 section must include:

42 1. For the provision of the land, a lease, acquisition agreement or  
43 other similar agreement.

1           2. For the provision of infrastructure and parking facilities, a  
2 development agreement, intergovernmental agreement, lease license, use  
3 agreement access agreement or other similar agreement.

4           C. The authority shall not enter into more than two memoranda of  
5 understanding, letter of intent or other noncommittal writing preliminary to  
6 an agreement with a potential site host for the provision of land,  
7 infrastructure and parking facilities to be effective only if the agreement  
8 or agreements identified in subsection A of this section cease to be  
9 effective for any reason.

10           Sec. 18. Election on continuation of tourism and sports  
11                                   authority

12           A. If the tourism and sports authority fails to comply with the  
13 requirements of section 17 of this act, relating to the requirements for the  
14 multipurpose facility site selection, the continued existence of the tourism  
15 and sports authority, established under title 5, chapter 8, Arizona Revised  
16 Statutes, must be approved by the qualified electors.

17           B. The authority and the county in which the authority is established  
18 shall enter into an intergovernmental agreement pursuant to title 11, chapter  
19 7, article 3, Arizona Revised Statutes, for the purpose of:

20           1. Conducting the election at the next countywide general election  
21 held in the county. The ballot shall include the issue of continuing the  
22 authority as provided by this act. If the issue is approved, the authority  
23 may continue with its statutory functions.

24           2. The preparation and printing of a publicity pamphlet concerning the  
25 ballot question and the distribution of copies of the pamphlet to households  
26 in the authority containing a registered voter. The pamphlet must include:

27           (a) An analysis of the activities of the authority to date in  
28 providing for a multipurpose facility, as provided by section 5-807, Arizona  
29 Revised Statutes, as amended by this act, and providing funding for major  
30 league baseball spring training and amateur and youth sports facilities and  
31 tourism promotion.

32           (b) An analysis of the authority's expenditures and obligations  
33 incurred and currently outstanding.

34           (c) A detailed statement of the public monies to be spent on the  
35 multipurpose facility and the sources of these monies, the private monies to  
36 be spent and the sources of these monies and any other monies and assets from  
37 any other source to be spent.

38           (d) The form in which the measure will appear on the ballot, the  
39 official title, the descriptive title containing the summary and the  
40 proposition number by which the measure will be designated.

41           (e) Any arguments for and against the ballot measure, filed in a  
42 manner prescribed by the county elections director. Affirmative arguments,  
43 arranged in the order in which the elections director received them, shall  
44 be placed before the negative arguments, also arranged in the order in which  
45 they were received.

1 C. In addition to any other ballot requirements prescribed by law, the  
2 elections director shall cause to be printed on the official ballot all of  
3 the following information prepared by the elections director:

4 1. The number of the measure in reverse type and at least twelve point  
5 type.

6 2. The designation of the measure as follows: "relating to the  
7 continuation of the tourism and sports authority".

8 3. Instructions directing the voter to the full text of the official  
9 and descriptive titles containing the summary as printed in the sample ballot  
10 and posted in the polling place.

11 4. The question submitted to the voters as follows:

12 Do you favor the continuation of the tourism and sports authority for  
13 the purpose of funding and constructing a multipurpose sports facility? YES

14 NO

15 (A "YES" vote has the effect of allowing the tourism and sports  
16 authority to continue its efforts to locate and build a multipurpose sports  
17 facility and funding major league baseball spring training facilities and  
18 amateur and youth sports facilities.)

19 (A "NO" vote has the effect of rejecting the continuation of the  
20 tourism and sports authority, ending its efforts to locate and build a  
21 multipurpose sports facility but continuing current funding of major league  
22 baseball spring training and amateur and youth sports facilities.)

23 D. The cost of the election provided in this section, including the  
24 preparation of the official ballots and publishing and mailing the publicity  
25 pamphlets prescribed in subsection B of this section, shall be charged  
26 against the funds and accounts of the tourism and sports authority.

27 E. This section does not constitute a submission of any provision of  
28 this act to the people for approval under the power of the referendum.

29 Sec. 19. Conditional enactment

30 A. Sections 20 through 59 of this act are effective from and after  
31 December 31, 2002, but only if the qualified electors voting on the issue in  
32 the election held pursuant to section 18 of this act, relating to the  
33 election on continuing the tourism and sports authority vote to terminate the  
34 tourism and sports authority and its functions.

35 B. The enactment of any provision of this act, conditioned on the  
36 results of the election under section 18 of this act, does not constitute a  
37 submission of those provisions to the voters under the power of the  
38 referendum.

39 Sec. 20. Heading change

40 The heading of title 5, chapter 8, Arizona Revised Statutes, is changed  
41 from "TOURISM AND SPORTS AUTHORITY" to "SPRING TRAINING AND AMATEUR SPORTS  
42 AUTHORITY".

1           Sec. 21. Section 5-801, Arizona Revised Statutes, as amended by  
2 section 1 of this act, is amended to read:

3           5-801. Definitions

4           In this chapter, unless the context otherwise requires:

5           1. "Authority" means the ~~tourism and sports~~ SPRING TRAINING AND  
6 AMATEUR SPORTS authority.

7           2. "Board" means the board of directors of the authority.

8           3. ~~"Indian tribe" means any organized Indian nation, tribe, band or~~  
9 ~~community that is recognized as an Indian tribe by the United States~~  
10 ~~Department of the Interior.~~

11           4. ~~"Multipurpose facility" means any facility that is suitable to be~~  
12 ~~used to accommodate professional football franchises, major college football~~  
13 ~~bowling sponsors, other sporting events and entertainment, cultural, civic,~~  
14 ~~meeting, trade show or convention events or activities and may include a~~  
15 ~~stadium, on-site infrastructure, parking garages and lots and related~~  
16 ~~commercial uses within the facility.~~

17           5. ~~"Site host" means any of the following entities that owns all or~~  
18 ~~part of the multipurpose facility site at the time the site is provided to~~  
19 ~~the authority pursuant to section 5-807:~~

20           (a) ~~This state or any agency of this state.~~

21           (b) ~~The county in which the authority is located.~~

22           (c) ~~Any city or town located in the county in which the authority is~~  
23 ~~located.~~

24           (d) ~~Any Indian tribe if all or part of the tribe's reservation is~~  
25 ~~located in that county.~~

26           (e) ~~Any person, corporation or business entity.~~

27           3. "DIRECTOR" MEANS THE DIRECTOR OF THE SPRING TRAINING AND AMATEUR  
28 SPORTS AUTHORITY.

29           Sec. 22. Section 5-802, Arizona Revised Statutes, is amended to read:

30           5-802. Formation of authority

31           A. The ~~tourism and sports~~ SPRING TRAINING AND AMATEUR SPORTS authority  
32 is established. The boundaries of the authority are the boundaries of any  
33 county that has a population of more than two million persons.

34           B. The authority is a corporate and political body and, except as  
35 otherwise limited, modified or provided by this chapter, has ~~all~~ of the  
36 rights, powers and immunities of municipal corporations, ~~including the power~~  
37 ~~of eminent domain.~~

38           C. The board of directors and the authority do not have the power to  
39 levy or otherwise impose any tax or assessment, other than charges for the  
40 use of facilities owned by the authority. The qualified electors residing  
41 in the authority may levy a tax or surcharge for the fiscal needs of the  
42 authority as provided by this chapter, but the board of directors has no  
43 independent authority to impose or collect a tax or assessment. Subject to  
44 that limitation, the authority is considered to be a ~~tax-levying public~~

1 improvement district for the purposes of article XIII, section 7,  
2 Constitution of Arizona.

3 D. The authority is regarded as performing a governmental function in  
4 carrying out the purposes of this chapter. The property acquired or  
5 constructed by the authority, the activities of the authority in maintaining  
6 and caring for the property and the monies derived by the authority from  
7 operating the property are AUTHORITY IS exempt from state and local income  
8 and property taxation.

9 Sec. 23. Section 5-804, Arizona Revised Statutes, as amended by  
10 section 3 of this act, is amended to read:

11 5-804. Administrative powers and duties

12 A. The board of directors, on behalf of the authority, may:

13 1. Adopt and use a corporate seal.

14 2. Sue and be sued.

15 3. Enter into contracts, including intergovernmental agreements under  
16 title 11, chapter 7, article 3, as necessary to carry out the purposes and  
17 requirements of this chapter, INCLUDING INTERGOVERNMENTAL AGREEMENTS FOR  
18 DELEGATING THE AUTHORITY'S RESPONSIBILITIES UNDER THIS CHAPTER REGARDING  
19 MAJOR LEAGUE BASEBALL SPRING TRAINING FACILITIES UNDER SECTION 5-808 AND  
20 COMMUNITY YOUTH AND AMATEUR SPORTS FACILITIES, RECREATIONAL FACILITIES AND  
21 OTHER COMMUNITY FACILITIES OR PROGRAMS UNDER SECTION 5-809.

22 ~~4. Enter into an intergovernmental agreement under title 11, chapter~~  
23 ~~7, article 3 with the Arizona exposition and state fair board for the joint~~  
24 ~~use of properties and facilities, sharing administration, personnel and~~  
25 ~~resources and other matters that are beneficial to the purposes of the~~  
26 ~~multipurpose facility and the state fair.~~

27 ~~5.~~ 4. Adopt administrative rules as necessary to administer and  
28 operate the authority and any property under its jurisdiction.

29 ~~6. Acquire by any lawful means and operate, maintain, encumber and~~  
30 ~~dispose of real and personal property and interests in property.~~

31 ~~7.~~ 5. Retain THE SERVICES OF A FISCAL AGENT, legal counsel and other  
32 consultants as necessary to carry out the purposes of the authority.

33 B. The board of directors shall:

34 1. Appoint from among its members a chairman, a secretary and such  
35 other officers as may be necessary to conduct its business.

36 2. Employ an executive A director AND OTHER PERSONNEL AS NECESSARY and  
37 prescribe the terms and conditions of employment. EMPLOYEES OF THE AUTHORITY  
38 ARE CONSIDERED TO BE PUBLIC EMPLOYEES FOR PURPOSES OF TITLE 38.

39 3. Keep and maintain a complete and accurate record of all of its  
40 proceedings. The board is a public body for purposes of title 38, chapter  
41 3, article 3.1 and title 39, chapter 1.

42 ~~4. Provide for the use, maintenance and operation of the properties~~  
43 ~~and interests owned or controlled by the authority.~~

1           ~~5. On or before September 12, 2002, approve a site for the~~  
2 ~~construction of the multipurpose facility proposed at any time before that~~  
3 ~~date by site hosts.~~

4           Sec. 24. Section 5-805, Arizona Revised Statutes, is amended to read:

5           5-805. Director; duties

6           A. ~~The executive director is responsible for managing, administering~~  
7 ~~and supervising the activities of the authority.~~

8           B. ~~The executive director shall negotiate, make, execute, acknowledge~~  
9 ~~and perform contracts and other agreements in the interest of the authority~~  
10 ~~or to carry out or accomplish the purposes of this chapter, including~~  
11 ~~construction contracts and agreements with users of the multipurpose~~  
12 ~~facility; all of which are subject to approval by the board.~~

13           C. The executive director shall:

14           ~~1. Employ a treasurer to serve as fiscal agent to deposit, hold,~~  
15 ~~invest and disburse the authority's monies.~~

16           ~~2. Employ administrative and clerical employees and prescribe the~~  
17 ~~terms and conditions of their employment as necessary to carry out the~~  
18 ~~purposes of the authority. Employees of the authority are considered to be~~  
19 ~~public employees for purposes of title 38.~~

20           ~~3. 1. Recommend the employment of consultants by the board, including~~  
21 ~~outside counsel and a professional facility management company.~~

22           ~~4. 2. Direct the activities of outside consultants.~~

23           Sec. 25. Repeal

24           Section 5-807, Arizona Revised Statutes, is repealed.

25           Sec. 26. Title 5, chapter 8, article 1, Arizona Revised Statutes, is  
26 amended by adding a new section 5-807, to read:

27           5-807. University sports stadium renovation; financial  
28 participation; definition

29           A. FROM MONIES AVAILABLE TO THE AUTHORITY PURSUANT TO SECTION 5-835,  
30 SUBSECTION B, PARAGRAPH 8, THE AUTHORITY MAY PROVIDE FINANCING ASSISTANCE FOR  
31 THE RENOVATION, MODIFICATION AND IMPROVEMENT OF AN OUTDOOR SPORTS STADIUM  
32 LOCATED IN THE AUTHORITY THAT IS OWNED BY AND UNDER THE JURISDICTION OF THE  
33 ARIZONA BOARD OF REGENTS TO MEET THE COMMONLY ACCEPTED STANDARDS REQUIRED FOR  
34 MAJOR INTERCOLLEGIATE CHAMPIONSHIP FOOTBALL BOWL EVENTS.

35           B. THE ARIZONA BOARD OF REGENTS MAY APPLY FOR FINANCIAL CONTRIBUTIONS  
36 UNDER THIS SECTION IN A MANNER PRESCRIBED BY THE AUTHORITY.

37           C. THE AUTHORITY SHALL REQUIRE THAT ANY PROJECT UNDERTAKEN PURSUANT  
38 TO THIS SECTION INCLUDE FINANCIAL PARTICIPATION BY THE ARIZONA BOARD OF  
39 REGENTS, ANY POLITICAL SUBDIVISION IN WHICH THE STADIUM IS LOCATED CONTINGENT  
40 ON APPROVAL OF ITS GOVERNING BODY, ANY FOOTBALL BOWL ORGANIZATION AND OTHER  
41 PARTIES THAT MAY USE THE STADIUM ON A REGULAR BASIS.

42           D. MONIES PAID BY THE AUTHORITY UNDER THIS SECTION SHALL NOT BE USED  
43 FOR ACADEMIC PURPOSES OR FACILITIES.

44           E. FOR THE PURPOSES OF THIS SECTION, "BOWL ORGANIZATION" MEANS A  
45 NONPROFIT CORPORATION THAT IS QUALIFIED TO TRANSACT BUSINESS IN THIS STATE

1 AND THAT IS CERTIFIED BY THE NATIONAL COLLEGIATE ATHLETIC ASSOCIATION OR THE  
2 BOWL CHAMPIONSHIP SERIES, OR AN EQUIVALENT ARRANGEMENT, TO OPERATE, CONDUCT,  
3 HOST OR STAGE A POSTSEASON DIVISION I FOOTBALL MAJOR BOWL EVENT.

4 Sec. 27. Section 5-808, Arizona Revised Statutes, is amended to read:  
5 5-808. Major league baseball spring training facilities; local

6 financial participation

7 A. From monies in the cactus league promotion account established by  
8 section 5-837, the authority may:

9 1. ~~Acquire land or construct,~~ finance, furnish, improve, market or  
10 promote the use of existing or proposed major league baseball spring training  
11 facilities that are located in the authority and other structures, utilities,  
12 roads, parking areas or buildings necessary for full use of the training  
13 facilities for sports and other purposes.

14 2. Do all things necessary or convenient to accomplish those purposes.

15 B. The board shall require that any project undertaken pursuant to  
16 this section include financial participation from the county or municipality  
17 in which the project is located, from a private party or from any combination  
18 of these entities that equals or exceeds one-half of the amount to be spent  
19 or distributed by the authority. Capital improvement monies spent by a  
20 county, municipality or private party for a purpose authorized by this  
21 section may be considered to be financial participation with respect to any  
22 project the authority may undertake.

23 ~~C. For purposes of financing, designing or constructing facilities or~~  
24 ~~structures, The authority is not the agent of any other party participating~~  
25 ~~in the funding of the facility or structure.~~

26 ~~D. Before undertaking the planning or construction of the first new~~  
27 ~~facility under this section, the board may consider the costs of anticipated~~  
28 ~~required renovations of existing facilities and shall consider such costs for~~  
29 ~~subsequent new facilities.~~

30 Sec. 28. Section 5-809, Arizona Revised Statutes, is amended to read:  
31 5-809. Community youth and amateur sports and recreational

32 facilities; local financial participation

33 A. From monies in the youth and amateur sports facilities account  
34 established by section 5-838, the authority may:

35 1. ~~Acquire land or construct,~~ finance, furnish, maintain, improve,  
36 operate, market or promote the use of community youth and amateur sports  
37 facilities, recreational facilities and other community facilities or  
38 programs that are located in the authority.

39 2. Do all things necessary or convenient to accomplish those purposes.

40 B. The board shall require that any project undertaken pursuant to  
41 this section include financial participation from the county, municipality  
42 or school district in which the project is located, from any other party or  
43 from any combination of these entities that equals or exceeds one-half of the  
44 amount to be spent or distributed by the authority. Capital improvement  
45 monies spent by a county, municipality, school district or other party for

1 a purpose authorized by this section may be considered to be financial  
2 participation with respect to any project the authority may undertake.

3 C. ~~For purposes of financing, designing, constructing or operating~~  
4 ~~facilities or structures,~~ The authority is not the agent of any other party  
5 participating in the funding of the facility or structure.

6 D. In evaluating projects under this section, the board shall give  
7 priority to youth recreational facilities that are adjacent, in proximity or  
8 of benefit to public schools.

9 Sec. 29. Repeal

10 Section 5-810, Arizona Revised Statutes, is repealed.

11 Sec. 30. Section 5-811, Arizona Revised Statutes, is amended to read:

12 5-811. Conflicts of interest; violation; classification

13 A. The directors, officers and employees of the authority are subject  
14 to title 38, chapter 3, article 8 relating to conflicts of interest.

15 B. A director, officer or employee of the authority shall not have any  
16 direct or indirect financial interest in any property ~~owned, purchased or~~  
17 ~~constructed~~ OR FACILITY FINANCED by the authority.

18 C. A person who violates this section is guilty of a class 1  
19 misdemeanor.

20 Sec. 31. Repeal

21 Section 5-813, Arizona Revised Statutes, is repealed.

22 Sec. 32. Section 5-814, Arizona Revised Statutes, as added by section  
23 7 of this act, is amended to read:

24 5-814. Monthly report; appearance before joint legislative  
25 budget committee

26 A. Within three weeks after the end of each calendar month the  
27 authority shall prepare a report signed by the executive director of the  
28 authority and transmit the report to the governor, the legislature, as  
29 provided by section 41-1178, and the joint legislative budget committee. The  
30 report shall include a progress report of the activities of the authority  
31 during the previous month.

32 B. At the request of the chairman of the joint legislative budget  
33 committee, the executive director shall appear before the joint legislative  
34 budget committee annually to report on the activities and financial  
35 performance of the authority during the previous year.

36 Sec. 33. Section 5-831, Arizona Revised Statutes, is amended to read:

37 5-831. Annual budget

38 A. Beginning in 2001, on or before June 30 of each year the board  
39 shall hold a public hearing to adopt a budget for the following fiscal year  
40 that includes:

- 41 1. Receipts during the past fiscal year.
- 42 2. Expenditures during the past fiscal year.
- 43 3. Estimates of amounts necessary for expenses during the following
- 44 fiscal year including amounts proposed for:

1           ~~(a) Costs of planning, constructing, financing, maintaining, operating~~  
2 ~~and managing a multipurpose facility.~~

3           ~~(b) Promotional and marketing expenses of the authority.~~

4           ~~(c) administrative costs of the authority.~~

5           4. Anticipated revenue to the authority from each source in the  
6 following fiscal year.

7           5. A complete asset and liability statement.

8           ~~6. A statement of profit or loss from operations.~~

9           ~~7.~~ 6. Cash on hand as of the date the budget is adopted and the  
10 anticipated balance at the end of the current fiscal year.

11           ~~8.~~ 7. An itemized statement of commitments, reserves and anticipated  
12 obligations for the following fiscal year.

13           B. The board may amend the budget on a finding of good cause.

14           Sec. 34. Repeal

15           Sections 5-832, 5-833 and 5-834, Arizona Revised Statutes, are  
16 repealed.

17           Sec. 35. Section 5-835, Arizona Revised Statutes, as amended by  
18 section 8 of this act, is amended to read:

19           5-835. Tourism revenue clearing account

20           A. The authority shall maintain a tourism revenue clearing account  
21 ~~within the general fund~~ consisting of monies transmitted to the authority by  
22 the state treasurer pursuant to sections 5-839 and 5-840. On the second  
23 Tuesday of each month, ~~the treasurer of the authority~~ shall distribute all  
24 monies in the account as provided by this section.

25           B. For as long as the authority owes debt service on bonds or other  
26 debt obligations payable from revenues or monies deposited in the tourism  
27 revenue clearing account, the treasurer AUTHORITY shall distribute all monies  
28 in the account in the following order of priority, OR AS OTHERWISE PROVIDED  
29 BY LAW:

30           1. AN AMOUNT NECESSARY TO PAY ON A PRO RATA BASIS ALL OUTSTANDING  
31 OBLIGATIONS AND LIABILITIES OF THE AUTHORITY EXISTING AS OF JANUARY 1, 2003,  
32 INCLUDING ANY CONTRACTUAL OBLIGATIONS OF THE AUTHORITY UNDER AN  
33 INTERGOVERNMENTAL AGREEMENT TO ISSUE BONDS FOR CACTUS LEAGUE PROMOTION.  
34 NOTWITHSTANDING THIS PARAGRAPH, THE AUTHORITY SHALL DISTRIBUTE MONIES IN THE  
35 ACCOUNT PURSUANT TO PARAGRAPHS 2 THROUGH 5 OF THIS SUBSECTION.

36           ~~1.~~ 2. To the debt service account established by section 5-865, an  
37 amount equal to one-twelfth of the annual debt service on bonds and other  
38 debt obligations issued by the authority ~~for not more than one-half of three~~  
39 ~~hundred thirty-one million dollars of the capital costs associated with~~  
40 ~~constructing the multipurpose facility,~~ plus interest earned on any monies  
41 ~~escrowed before payment to the debt service account, amortized over a thirty~~  
42 ~~year repayment term and that are secured in whole or in part by and payable~~  
43 ~~from revenues or monies deposited in the tourism revenue clearing account,~~  
44 or a lesser amount as determined by the authority.

1       ~~2.~~ 3. To the tourism fund established by section 41-2306, an amount  
2 equal to one-twelfth of four million dollars over the first twelve months of  
3 distribution, increased in each subsequent twelve month period by an  
4 additional five per cent over the preceding twelve months' distribution.

5       ~~3.~~ 4. To the cactus league promotion account established by section  
6 5-837, an amount equal to:

7	During the first eighty-four months	\$250,000 per month
8	During the eighty-fifth through one	
9	hundred twentieth months	\$333,333 per month
10	During the one hundred twenty-first through	
11	one hundred forty-fourth months	\$500,000 per month
12	During the one hundred forty-fifth through	
13	one hundred ninety-second months	\$583,333 per month
14	During the one hundred ninety-third through	
15	two hundred fortieth months	\$666,667 per month
16	During the two hundred forty-first through	
17	two hundred eighty-eighth months	\$750,000 per month
18	During the two hundred eighty-ninth through	
19	three hundred twelfth months	\$833,333 per month
20	During the three hundred thirteenth through	
21	three hundred sixtieth months	\$916,667 per month

22       ~~4.~~ 5. To the youth and amateur sports facilities account established  
23 by section 5-838, an amount equal to one-twelfth of one million dollars over  
24 the first twelve months of distribution, increased in each subsequent twelve  
25 month period by an additional one hundred thousand dollars over the prior  
26 twelve months' distribution.

27       ~~5.~~ 6. To the operating account established by section 5-836, an  
28 amount equal to one-twelfth of the authority's adopted budget for the period  
29 for the purposes set forth in section 5-836, ~~subsection B, paragraphs 1~~  
30 ~~and 2.~~

31       ~~6.~~ 7. To the youth and amateur sports facilities reserve established  
32 by section 5-838, subsection B, an amount required to be distributed pursuant  
33 to paragraph ~~4~~ 5 during the preceding fiscal year to the youth and amateur  
34 sports facilities account established by section 5-838, subsection A, less  
35 any amount on deposit in the youth and amateur sports facilities reserve.

36       8. FOR THE PURPOSE OF RENOVATING, MODIFYING AND IMPROVING AN OUTDOOR  
37 SPORTS STADIUM AS PROVIDED, AND SUBJECT TO THE CONDITIONS PRESCRIBED BY  
38 SECTION 5-807.

39       ~~7.~~ 9. To the operating account established by section 5-836, any  
40 monies remaining unallocated each month.

41       C. After all bonds and other debt obligations of the authority that  
42 are secured in whole or in part by and payable from revenues or monies  
43 deposited in the tourism revenue clearing account are redeemed or fully  
44 provided for, ~~the treasurer~~ of the authority shall distribute all monies  
45 remaining in the account after the distributions provided for by subsection

1 B, paragraphs ~~2, 3 and 4~~ 3, 4 AND 5 of this section, and after the  
2 authority's repair and replacement requirements are funded pursuant to  
3 section 5-836, subsection C, paragraph 2, as follows:

4 1. Seventy per cent to the tourism fund established by section  
5 41-2306.

6 2. Thirty per cent to the cactus league promotion account established  
7 by section 5-837.

8 Sec. 36. Section 5-836, Arizona Revised Statutes, as amended by  
9 section 9 of this act, is amended to read:

10 5-836. Operating account

11 A. The authority shall maintain an operating account consisting of  
12 monies transmitted to the account pursuant to sections ~~5-834~~ and SECTION  
13 5-835.

14 B. The authority may spend monies in the operating account for costs  
15 incurred for any of the following purposes:

16 ~~1. Operating, marketing, promoting, furnishing and equipping a~~  
17 ~~multipurpose facility.~~

18 ~~2. 1. Paying all costs associated with the authority's administrative~~  
19 ~~duties as provided in sections 5-804 and 5-805.~~

20 ~~3. 2. Payment to the debt service account established by section~~  
21 ~~5-865 to be used for payment or early redemption of bonded indebtedness.~~

22 C. The authority shall establish in the operating account:

23 ~~1. a reserve to meet future operating costs of the~~  
24 ~~authority, including amounts that are sufficient to pay all costs associated~~  
25 ~~with events held at the multipurpose facility.~~

26 ~~2. A reserve for repair, replacement and removal costs associated with~~  
27 ~~the multipurpose facility in an amount at least equal to twenty-five million~~  
28 ~~dollars, adjusted for inflation each year after 2001.~~

29 D. This state is not liable or responsible for the operating costs of  
30 the authority, including the operating, marketing, promotion, furnishing,  
31 equipping, repair or replacement costs of any facility or project funded by  
32 the authority.

33 Sec. 37. Section 5-837, Arizona Revised Statutes, as amended by  
34 section 10 of this act, is amended to read:

35 5-837. Cactus league promotion account

36 A. The authority shall maintain a cactus league promotion account  
37 consisting of monies transmitted to the account pursuant to section 5-835.

38 B. The authority shall use monies in the account for purposes of  
39 section 5-808.

40 ~~C. The authority may pledge all or part of the revenues and other~~  
41 ~~monies received by the authority to secure bonds or other debt obligations~~  
42 ~~issued by the authority for the purposes of providing monies for expenditure~~  
43 ~~under this section. As nearly as practicable, the bonds issued pursuant to~~  
44 ~~this subsection shall be authorized and issued in a manner consistent with~~  
45 ~~article 3 of this chapter, except that the proceeds of the bonds shall be~~

1 ~~spent pursuant to this section. The pledge securing bonds issued pursuant~~  
2 ~~to this section is subordinate to the pledge securing bonds or other debt~~  
3 ~~obligations issued pursuant to article 3 of this chapter and, except for~~  
4 ~~monies already in the cactus league promotion account, to the distribution~~  
5 ~~of monies pursuant to section 5-835, subsection B, paragraph 2.~~

6 Sec. 38. Section 5-838, Arizona Revised Statutes, as amended by  
7 section 11 of this act, is amended to read:

8 5-838. Youth and amateur sports facilities account; reserve

9 A. The authority shall maintain a youth and amateur sports facilities  
10 account consisting of monies transmitted to the account pursuant to section  
11 5-835.

12 B. The authority shall establish a youth and amateur sports facilities  
13 reserve within the account consisting of monies transmitted to the reserve  
14 pursuant to section 5-835, subsection B, paragraph 6-7. The authority shall  
15 transfer from the reserve to the account an amount equal to any deficiency  
16 in the monthly amount distributed to the account pursuant to section 5-835,  
17 subsection B, paragraph 3-4.

18 C. The authority shall use monies in the account for purposes of  
19 section 5-809.

20 Sec. 39. Section 5-861, Arizona Revised Statutes, is amended to read:

21 5-861. Definitions

22 In this article, unless the context otherwise requires:

23 1. "Bond related expenses" means any expenses incurred by the  
24 authority to issue and administer its bonds including underwriting fees and  
25 costs, trustee fees, financial consultant fees, printing and advertising  
26 costs, paying agent fees, transfer agent fees, legal, accounting, feasibility  
27 consultant and other professional fees and expenses, credit enhancement fees,  
28 attorney and accounting fees and expenses related to credit enhancement, bond  
29 insurance or liquidity enhancement, remarketing fees, rating agency fees and  
30 costs, travel and telephone expenses and all other fees considered necessary  
31 by the authority in order to market and administer the bonds.

32 2. "Bonds" means the bonds of the authority issued pursuant to this  
33 article.

34 3. "Multipurpose Facility purpose" includes the following purposes:

35 (a) Acquiring, designing, developing, constructing, reconstructing,  
36 equipping, repairing, maintaining, operating and improving a multipurpose  
37 facility FACILITIES and improvements FOR MAJOR LEAGUE BASEBALL SPRING  
38 TRAINING OR COMMUNITY AND AMATEUR SPORTS AND RECREATION PURPOSES.

39 (b) The payment of bond obligations.

40 (c) Bond related expenses.

41 Sec. 40. Section 5-862, Arizona Revised Statutes, is amended to read:

42 5-862. Authorization of bonds

43 A. The authority may issue negotiable bonds pursuant to this article  
44 in such principal amount as, in the opinion of the board, is necessary to:

45 1. Provide sufficient monies for any multipurpose facility purpose.

1           2. Pay necessary bond related expenses.  
2           3. Establish and fully or partially fund any reserves or sinking  
3 accounts established by the bond resolution.

4           4. Issue refunding bonds if the board considers refunding to be  
5 expedient. The board may provide for investing and holding the proceeds of  
6 the refunding bonds in trust for the benefit of the holders of the bonds  
7 being refunded.

8           5. Refund any bonds issued by the authority if the bonds are secured  
9 from the same source of revenues as the bonds authorized in this article by  
10 issuing new bonds, whether the bonds to be refunded have or have not matured.

11          6. Issue bonds partly to refund outstanding bonds and partly for any  
12 multipurpose facility purpose consistent with this article.

13          B. The board shall authorize the bonds by resolution. The resolution  
14 shall prescribe:

15           1. The authority's revenue sources that are pledged and dedicated to  
16 secure the bonds.

17           2. The rate or rates of interest, which may be fixed or variable, the  
18 date or dates on which interest is payable and the denominations of the  
19 bonds.

20           3. The date or dates of the bonds and maturity.

21           4. The manner of executing the bonds.

22           5. The medium and place of payment.

23           6. The terms of redemption, which may provide for a premium for early  
24 redemption.

25          Sec. 41. Section 5-864, Arizona Revised Statutes, is amended to read:

26          5-864. Bond proceeds subaccount

27          A. If the authority issues bonds under this article, the board shall  
28 establish a bond proceeds subaccount within the construction CACTUS LEAGUE  
29 PROMOTION account established by section ~~5-833~~ 5-837 OR THE YOUTH AND AMATEUR  
30 SPORTS FACILITIES ACCOUNT ESTABLISHED BY SECTION 5-838, AS APPLICABLE,  
31 consisting of monies received from the sale of the bonds.

32          B. The authority may use monies in the bond proceeds subaccount only  
33 for multipurpose facility purposes in the manner prescribed by this chapter.

34          C. The ~~treasurer~~ or fiscal agent of the authority shall administer and  
35 account for the bond proceeds subaccount.

36          Sec. 42. Section 5-865, Arizona Revised Statutes, is amended to read:

37          5-865. Debt service account

38          A. ~~If the authority issues bonds under this article~~ The board shall  
39 establish a debt service account consisting of MONIES TO PAY OUTSTANDING  
40 CONTRACTUAL OBLIGATIONS AND LIABILITIES OF THE AUTHORITY EXISTING AS OF  
41 JANUARY 1, 2003 AND monies designated and dedicated by the board for  
42 repayment of the bonds and payment of costs and related expenses associated  
43 with redeeming the bonds.

44          B. Monies in the debt service account may be used only for the  
45 purposes authorized by this article.

1 C. The treasurer or fiscal agent of the authority shall administer and  
2 account for the debt service account.

3 Sec. 43. Section 5-866, Arizona Revised Statutes, is amended to read:

4 5-866. Securing principal and interest

5 In connection with issuing bonds authorized by this article and to  
6 secure the principal and interest on the bonds, the board by resolution may:

7 1. Pledge for the payment of principal and interest on the bonds all  
8 or part of the revenues and other monies received by the authority and  
9 deposited in the ~~general fund or any CACTUS LEAGUE PROMOTION ACCOUNT OR THE~~  
10 ~~YOUTH AND AMATEUR SPORTS FACILITIES account, or subaccount of the authority~~  
11 AS APPLICABLE.

12 2. Pledge and assign to or in trust for the benefit of the holder or  
13 holders of the bonds all or part of the monies in the debt service account  
14 or any other account or subaccount as necessary to secure and pay the  
15 principal, the interest and any premium on the bonds as they come due.

16 3. Segregate the debt service account into one or more subaccounts and  
17 provide that bonds issued under this article may be secured by a lien on all  
18 or part of the monies paid into the debt service account or into any  
19 subaccount in the debt service account.

20 4. Establish priorities among bondholders based on criteria adopted  
21 by the board.

22 5. Set aside, regulate and dispose of reserves and sinking accounts.

23 6. Prescribe the procedure, if any, by which the terms of any contract  
24 with bondholders may be amended or abrogated, the amount of bonds the holders  
25 of which must consent to and the manner in which the consent may be given.

26 7. Provide for payment of bond related expenses from the proceeds of  
27 the sale of the bonds or other revenues available to the board.

28 8. Provide for the services of trustees, co-trustees, agents,  
29 consultants and other specialized services with respect to the bonds.

30 9. Contract with a financial institution, insurance company or  
31 indemnity company to provide additional security for the bonds in the form  
32 of a line of credit, letter of credit, insurance policy or other security and  
33 pay the costs of this additional security from amounts provided in the bond  
34 issue or from other available sources.

35 10. Take any other action that in any way may affect the security and  
36 protection of the bonds or interest on the bonds.

37 Sec. 44. Section 5-869, Arizona Revised Statutes, is amended to read:

38 5-869. Payment of bonds

39 A. The bonds shall be paid solely from monies in the debt service  
40 account.

41 B. Neither the members of the board nor any person executing the bonds  
42 is personally liable for the payment of the bonds.

43 C. The treasurer or fiscal agent of the authority shall cancel all  
44 bonds when paid.

1           Sec. 45. Section 5-871, Arizona Revised Statutes, is amended to read:  
2           5-871. Investment of monies in the bond proceeds subaccount

3           A. The board may authorize the ~~treasurer~~ or fiscal agent of the  
4 authority to invest monies in the bond proceeds subaccount in the manner  
5 prescribed by section 5-873.

6           B. The order directing an investment shall state a date on which the  
7 proceeds from the sale of the bonds will be needed for use, and the ~~treasurer~~  
8 or fiscal agent shall make the investment in such a way as to mature on or  
9 before the specified date.

10          C. All monies earned as interest or otherwise derived from the  
11 investment of the monies in the bond proceeds subaccount shall be credited  
12 to that subaccount.

13          Sec. 46. Section 5-872, Arizona Revised Statutes, is amended to read:  
14          5-872. Investment of monies in debt service account

15          A. The board may authorize the ~~treasurer~~ or fiscal agent of the  
16 authority to invest and reinvest any monies in the debt service account as  
17 provided by section 5-873.

18          B. The order directing an investment shall state a date on which the  
19 monies and other resources in the debt service account will be needed for  
20 use, and the ~~treasurer~~ or fiscal agent shall make the investment in such a  
21 way as to mature on or before the specified date.

22          C. All monies earned as interest or otherwise derived from the  
23 investment of the monies in the debt service account shall be credited to  
24 that account.

25          Sec. 47. Section 5-873, Arizona Revised Statutes, is amended to read:  
26          5-873. Authorized investments of monies

27          A. The monies in either the bond proceeds subaccount or the debt  
28 service account may be invested and reinvested at the direction of the board  
29 in any of the following:

- 30           1. United States treasury obligations.
- 31           2. Consolidated farm loan bonds.
- 32           3. Obligations issued by the federal intermediate credit banks or by  
33 bonds for cooperatives on authority of the farm credit act of 1933.
- 34           4. Any other obligations guaranteed by the United States government.
- 35           5. Any investments that are authorized by any other agencies of the  
36 United States government and that are authorized to secure public deposits.
- 37           6. State and local government series United States treasury  
38 securities.
- 39           7. State, county or municipal bonds issued in this state and on which  
40 the payments of interest have not been deferred.

41           8. Investment agreements and repurchase agreements collateralized by  
42 investments described in paragraphs 1 through 5.

43          B. The purchase of the securities shall be made by the ~~treasurer~~ or  
44 fiscal agent on authority of a resolution of the board. The ~~treasurer~~ or  
45 fiscal agent shall act as custodian of all securities purchased.

1 C. The board may place any restrictions on reinvestment yield on bond  
2 proceeds or on any monies pledged to pay the bonds if necessary to comply  
3 with federal income tax laws and regulations to gain any federal tax benefits  
4 available with respect to the bonds.

5 Sec. 48. Section 5-874, Arizona Revised Statutes, is amended to read:  
6 5-874. Deposit and disbursement of monies

7 A. Monies derived from selling bonds under this article or pledged or  
8 assigned to or in trust for the benefit of the holder or holders of the bonds  
9 shall be deposited by the ~~treasurer~~ or fiscal agent in financial institutions  
10 that the board designates and that are insured by an agency or  
11 instrumentality of the United States. The monies shall be disbursed as the  
12 board directs and according to the terms of any agreements with the holder  
13 or holders of the bonds.

14 B. This section shall not be construed as limiting the power of the  
15 board to agree in connection with the issuance of any of its bonds as to the  
16 custody and disposition of the monies received from selling bonds or from the  
17 income and revenues pledged or assigned to or in trust for the benefit of the  
18 holder or holders of the bonds.

19 Sec. 49. Section 5-877, Arizona Revised Statutes, is amended to read:  
20 5-877. Validity of bonds; legal opinion

21 A. This article constitutes full authority for authorizing and issuing  
22 bonds without reference to any other law of this state. No other law with  
23 regard to authorizing or issuing obligations or that in any way impedes or  
24 restricts performing the acts authorized by this article may be construed to  
25 apply to any proceedings taken or acts done pursuant to this article.

26 B. The validity of bonds issued under this article does not depend on  
27 and is not affected by the legality of any proceeding relating to the  
28 acquisition, construction, improvement, operation or maintenance of a  
29 multipurpose facility for which the bonds are issued.

30 C. The board may submit any bonds to be issued under this article to  
31 the attorney general after all proceedings for authorizing the bonds have  
32 been completed. On submission the attorney general shall examine and pass  
33 on the validity of the bonds and the regularity of the proceedings. If the  
34 proceedings comply with this article, and if the bonds when delivered and  
35 paid for will constitute binding and legal obligations of the authority, the  
36 attorney general shall certify on the back of each bond, in substance, that  
37 it is issued according to the constitution and laws of this state and that  
38 the interest on the bonds will be exempt from state taxes as provided by law.

39 D. The bonds shall recite that they are regularly issued pursuant to  
40 this article. That recital, together with the legal opinion under subsection  
41 C, constitutes prima facie evidence of the legality and validity of the  
42 bonds. From and after the sale and delivery of the bonds, they are  
43 incontestable by this state or the authority.

1           Sec. 50. Section 42-1116, Arizona Revised Statutes, is amended to  
2 read:

3           42-1116. Disposition of tax revenues

4           A. The department shall promptly deposit, pursuant to sections 35-146  
5 and 35-147, all monies it collects from the taxes administered pursuant to  
6 this article except the telecommunication services excise tax, separately  
7 accounting for each type of tax and each tax classification within each type  
8 of tax. At the same time the department of revenue shall also furnish copies  
9 of the transmittal schedules to the director of the department of  
10 administration.

11           B. ~~Except as provided by subsection C of this section,~~ The department  
12 shall deposit all monies and remittances received under this section to the  
13 credit of the following specific funds and accounts:

14           1. Amounts sufficient to meet the requirements for tax refunds to the  
15 tax refund account established in section 42-1117.

16           2. Amounts sufficient to meet the requirements of urban revenue  
17 sharing to the urban revenue sharing fund established in section 43-206.

18           3. Amounts collected pursuant to chapter 5, articles 1, 5 and 9 of  
19 this title and section 42-5352, subsection A, to the transaction privilege  
20 and severance tax clearing account established in section 42-5029.

21           4. Through June 30, ~~2000~~ 2005 amounts sufficient to meet the  
22 requirements of section 42-3104 to the corrections fund.

23           5. Amounts sufficient to meet the requirements of section 49-282,  
24 subsection B relating to the water quality assurance revolving fund.

25           6. All remaining monies to the state general fund.

26           ~~C. From the monies and remittances received under this section, each  
27 month beginning July, 2001 the state treasurer shall transmit to the tourism  
28 and sports authority, established by title 5, chapter 8, for deposit in its  
29 facility revenue clearing account established by section 5-834, the greater  
30 of:~~

31           ~~1. One-twelfth of the amount reported by the department pursuant to  
32 section 43-209;~~

33           ~~2. Two hundred ninety-two thousand dollars per month for the first  
34 twelve month period, increased in each subsequent twelve month period by an  
35 additional eight per cent over the prior twelve months' distribution.~~

36           Sec. 51. Section 42-5029, Arizona Revised Statutes, as amended by  
37 section 15 of this act, is amended to read:

38           42-5029. Remission and distribution of monies

39           A. The department shall deposit, pursuant to sections 35-146 and  
40 35-147, all revenues collected under this article and articles 4, 5, 8 and  
41 9 of this chapter pursuant to section 42-1116, separately accounting for:

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

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

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

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

6           B. The department shall credit payments of estimated tax to an  
7 estimated tax clearing account and each month shall transfer all monies in  
8 the estimated tax clearing account to a fund designated as the transaction  
9 privilege and severance tax clearing account. The department shall credit  
10 all other payments to the transaction privilege and severance tax clearing  
11 account, separately accounting for the monies designated as distribution base  
12 under sections 42-5010, 42-5164, 42-5205, 42-5353 and 42-5409. Each month  
13 the department shall report to the state treasurer the amount of monies  
14 collected pursuant to this article and articles 4, 5, 8 and 9 of this  
15 chapter.

16           C. On notification by the department, the state treasurer shall  
17 distribute the monies deposited in the transaction privilege and severance  
18 tax clearing account in the manner prescribed by this section and by sections  
19 42-5164, 42-5205, 42-5353 and 42-5409, after deducting warrants drawn against  
20 the account pursuant to sections 42-1118 and 42-1254.

21           D. Of the monies designated as distribution base the department shall:

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

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

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

33           (b) The proportion that the distribution base monies collected during  
34 the calendar month in each county under this article, section 42-5164,  
35 subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409  
36 bear to the total distribution base monies collected under this article,  
37 section 42-5164, subsection B, section 42-5205, subsection B and sections  
38 42-5353 and 42-5409 throughout the state for the calendar month.

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

41           (a) Average the following proportions:

42           (i) The proportion that the assessed valuation used to determine  
43 secondary property taxes of each county, after deducting that part of the  
44 assessed valuation that is exempt from taxation at the beginning of the month  
45 for which the amount is to be paid, bears to the total assessed valuations

1 used to determine secondary property taxes of all the counties after  
2 deducting that portion of the assessed valuations that is exempt from  
3 taxation at the beginning of the month for which the amount is to be paid.  
4 Property of a city or town that is not within or contiguous to the municipal  
5 corporate boundaries and from which water is or may be withdrawn or diverted  
6 and transported for use on other property is considered to be taxable  
7 property in the county for purposes of determining assessed valuation in the  
8 county under this item.

9 (ii) The proportion that the distribution base monies collected during  
10 the calendar month in each county under this article, section 42-5164,  
11 subsection B, section 42-5205, subsection B and sections 42-5353 and 42-5409  
12 bear to the total distribution base monies collected under this article,  
13 section 42-5164, subsection B, section 42-5205, subsection B and sections  
14 42-5353 and 42-5409 throughout the state for the calendar month.

15 (b) If the proportion computed under subdivision (a) of this paragraph  
16 for any county is greater than the proportion computed under paragraph 2 of  
17 this subsection, the department shall compute the difference between the  
18 amount distributed to that county under paragraph 2 of this subsection and  
19 the amount that would have been distributed under paragraph 2 of this  
20 subsection using the proportion computed under subdivision (a) of this  
21 paragraph and shall pay that difference to the county from the amount  
22 available for distribution under this paragraph. Any monies remaining after  
23 all payments under this subdivision shall be distributed among the counties  
24 according to the proportions computed under paragraph 2 of this subsection.

25 4. After any distributions required by sections 42-5030.01, 42-5031,  
26 42-5032, ~~42-5032.01~~ and 42-5032.02, and after making any transfer to the  
27 water quality assurance revolving fund as required by section 49-282,  
28 subsection B, credit the remainder of the monies designated as distribution  
29 base to the state general fund. From this amount:

30 (a) The legislature shall annually appropriate to:

31 (i) The department of revenue sufficient monies to administer and  
32 enforce this article and articles 5, 8 and 9 of this chapter.

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

35 (iii) The Arizona arts endowment fund established by section 41-986,  
36 the full amount by which revenues derived from the amusement classification  
37 pursuant to section 42-5073 for the current fiscal year exceed the revenues  
38 that were derived from that classification in fiscal year 1993-1994, except  
39 that this amount shall not exceed two million dollars through fiscal year  
40 2008-2009.

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

1 (b) The state treasurer shall transfer to the tourism fund an amount  
2 equal to the sum of the following:

3 (i) Three and one-half per cent of the gross revenues derived from the  
4 transient lodging classification pursuant to section 42-5070 during the  
5 preceding fiscal year.

6 (ii) Three per cent of the gross revenues derived from the amusement  
7 classification pursuant to section 42-5073 during the preceding fiscal year.

8 (iii) Two per cent of the gross revenues derived from the restaurant  
9 classification pursuant to section 42-5074 during the preceding fiscal year.

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

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

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

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

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

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

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  
42 by section 15-977:

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

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

3 (c) Forty per cent shall be allocated for maintenance and operation  
4 purposes.

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

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

26 H. On receiving a certificate of default from the greater Arizona  
27 development authority pursuant to section 41-1554.06 or 41-1554.07 and to the  
28 extent not otherwise expressly prohibited by law, the state treasurer shall  
29 withhold from the next succeeding distribution of monies pursuant to this  
30 section due to the defaulting political subdivision the amount specified in  
31 the certificate of default and immediately deposit the amount withheld in the  
32 greater Arizona development authority revolving fund. The state treasurer  
33 shall continue to withhold and deposit the monies until the greater Arizona  
34 development authority certifies to the state treasurer that the default has  
35 been cured. In no event may the state treasurer withhold any amount that the  
36 defaulting political subdivision certifies to the state treasurer and the  
37 authority as being necessary to make any required deposits then due for the  
38 payment of principal and interest on bonds of the political subdivision that  
39 were issued before the date of the loan repayment agreement or bonds and that  
40 have been secured by a pledge of distributions made pursuant to this section.

41 Sec. 52. Repeal

42 Section 42-5032.01, Arizona Revised Statutes, is repealed.

1           Sec. 53. Section 42-5061, Arizona Revised Statutes, is amended to  
2 read:

3           42-5061. Retail classification; definitions

4           A. The retail classification is comprised of the business of selling  
5 tangible personal property at retail. The tax base for the retail  
6 classification is the gross proceeds of sales or gross income derived from  
7 the business. The tax imposed on the retail classification does not apply  
8 to the gross proceeds of sales or gross income from:

9           1. Professional or personal service occupations or businesses which  
10 involve sales or transfers of tangible personal property only as  
11 inconsequential elements.

12           2. Services rendered in addition to selling tangible personal property  
13 at retail.

14           3. Sales of warranty or service contracts. The storage, use or  
15 consumption of tangible personal property provided under the conditions of  
16 such contracts is subject to tax under section 42-5156.

17           4. Sales of tangible personal property by any nonprofit organization  
18 organized and operated exclusively for charitable purposes and recognized by  
19 the United States internal revenue service under section 501(c)(3) of the  
20 internal revenue code.

21           5. Sales to persons engaged in business classified under the  
22 restaurant classification of articles used by human beings for food, drink  
23 or condiment, whether simple, mixed or compounded.

24           6. Business activity which is properly included in any other business  
25 classification which is taxable under article 1 of this chapter.

26           7. The sale of stocks and bonds.

27           8. Drugs and medical oxygen, including delivery hose, mask or tent,  
28 regulator and tank, on the prescription of a member of the medical, dental  
29 or veterinarian profession who is licensed by law to administer such  
30 substances.

31           9. Prosthetic appliances as defined in section 23-501 prescribed or  
32 recommended by a health professional licensed pursuant to title 32, chapter  
33 7, 8, 11, 13, 14, 15, 16, 17 or 29.

34           10. Insulin, insulin syringes and glucose test strips.

35           11. Prescription eyeglasses or contact lenses.

36           12. Hearing aids as defined in section 36-1901.

37           13. Durable medical equipment which has a ~~federal health care financing~~  
38 ~~administration~~ CENTERS FOR MEDICARE AND MEDICAID SERVICES common procedure  
39 code, is designated reimbursable by medicare, is prescribed by a person who  
40 is licensed under title 32, chapter 7, 8, 13, 14, 15, 17 or 29, can withstand  
41 repeated use, is primarily and customarily used to serve a medical purpose,  
42 is generally not useful to a person in the absence of illness or injury and  
43 is appropriate for use in the home.

1           14. Sales to nonresidents of this state for use outside this state if  
2 the vendor ships or delivers the tangible personal property out of this  
3 state.

4           15. Food, as provided in and subject to the conditions of article 3 of  
5 this chapter and section 42-5074.

6           16. Items purchased with United States department of agriculture food  
7 stamp coupons issued under the food stamp act of 1977 (P.L. 95-113; 91 Stat.  
8 958) or food instruments issued under section 17 of the child nutrition act  
9 (P.L. 95-627; 92 Stat. 3603; P.L. 99-661, section 4302; 42 United States Code  
10 section 1786).

11           17. Textbooks by any bookstore that are required by any state  
12 university or community college.

13           18. Food and drink to a person who is engaged in business which is  
14 classified under the restaurant classification and which provides such food  
15 and drink without monetary charge to its employees for their own consumption  
16 on the premises during the employees' hours of employment.

17           19. Articles of food, drink or condiment and accessory tangible  
18 personal property to a school district if such articles and accessory  
19 tangible personal property are to be prepared and served to persons for  
20 consumption on the premises of a public school within the district during  
21 school hours.

22           20. Lottery tickets or shares pursuant to title 5, chapter 5,  
23 article 1.

24           21. The sale of precious metal bullion and monetized bullion to the  
25 ultimate consumer, but the sale of coins or other forms of money for  
26 manufacture into jewelry or works of art is subject to the tax. In this  
27 paragraph:

28           (a) "Monetized bullion" means coins and other forms of money which are  
29 manufactured from gold, silver or other metals and which have been or are  
30 used as a medium of exchange in this or another state, the United States or  
31 a foreign nation.

32           (b) "Precious metal bullion" means precious metal, including gold,  
33 silver, platinum, rhodium and palladium, which has been smelted or refined  
34 so that its value depends on its contents and not on its form.

35           22. Motor vehicle fuel and use fuel which are subject to a tax imposed  
36 under title 28, chapter 16, article 1, sales of use fuel to a holder of a  
37 valid single trip use fuel tax permit issued under section 28-5739, sales of  
38 aviation fuel which are subject to the tax imposed under section 28-8344 and  
39 sales of jet fuel which are subject to the tax imposed under article 8 of  
40 this chapter.

41           23. Tangible personal property sold to a person engaged in the business  
42 of leasing or renting such property under the personal property rental  
43 classification if such property is to be leased or rented by such person.

1           24. Tangible personal property sold in interstate or foreign commerce  
2 if prohibited from being so taxed by the Constitution of the United States  
3 or the constitution of this state.

4           25. Tangible personal property sold to:

5           (a) A qualifying hospital as defined in section 42-5001.

6           (b) A qualifying health care organization as defined in section  
7 42-5001 if the tangible personal property is used by the organization solely  
8 to provide health and medical related educational and charitable services.

9           (c) A qualifying health care organization as defined in section  
10 42-5001 if the organization is dedicated to providing educational,  
11 therapeutic, rehabilitative and family medical education training for blind,  
12 visually impaired and multihandicapped children from the time of birth to age  
13 twenty-one.

14           (d) A qualifying community health center as defined in section  
15 42-5001.

16           (e) A nonprofit charitable organization that has qualified under  
17 section 501(c)(3) of the internal revenue code and that regularly serves  
18 meals to the needy and indigent on a continuing basis at no cost.

19           (f) For taxable periods beginning from and after June 30, 2001, a  
20 nonprofit charitable organization that has qualified under section 501(c)(3)  
21 of the internal revenue code and that provides residential apartment housing  
22 for low income persons over sixty-two years of age in a facility that  
23 qualifies for a federal housing subsidy, if the tangible personal property  
24 is used by the organization solely to provide residential apartment housing  
25 for low income persons over sixty-two years of age in a facility that  
26 qualifies for a federal housing subsidy.

27           26. Magazines or other periodicals or other publications by this state  
28 to encourage tourist travel.

29           27. Tangible personal property sold to a person that is subject to tax  
30 under this article by reason of being engaged in business classified under  
31 the prime contracting classification under section 42-5075, or to a  
32 subcontractor working under the control of a prime contractor that is subject  
33 to tax under article 1 of this chapter, if the property so sold is any of the  
34 following:

35           (a) Incorporated or fabricated by the person into any real property,  
36 structure, project, development or improvement as part of the business.

37           (b) Used in environmental response or remediation activities under  
38 section 42-5075, subsection B, paragraph 6.

39           (c) Incorporated or fabricated by the person into any lake facility  
40 development in a commercial enhancement reuse district under conditions  
41 prescribed for the deduction allowed by section 42-5075, subsection B,  
42 paragraph 8.

43           28. The sale of a motor vehicle to:

44           (a) A nonresident of this state if the purchaser's state of residence  
45 does not allow a corresponding use tax exemption to the tax imposed by

1 article 1 of this chapter and if the nonresident has secured a special  
2 thirty-day nonresident registration of the vehicle by applying according to  
3 section 28-2154.

4 (b) An enrolled member of an Indian tribe who resides on the Indian  
5 reservation established for that tribe.

6 29. Tangible personal property purchased or leased in this state by a  
7 nonprofit charitable organization that has qualified under section 501(c)(3)  
8 of the United States internal revenue code and that engages in and uses such  
9 property exclusively for training, job placement or rehabilitation programs  
10 or testing for mentally or physically handicapped persons.

11 30. Sales of tangible personal property by a nonprofit organization  
12 that is exempt from taxation under section 501(c)(3), 501(c)(4) or 501(c)(6)  
13 of the internal revenue code if the organization is associated with a major  
14 league baseball team or a national touring professional golfing association  
15 and no part of the organization's net earnings inures to the benefit of any  
16 private shareholder or individual.

17 31. Sales of commodities, as defined by title 7 United States Code  
18 section 2, that are consigned for resale in a warehouse in this state in or  
19 from which the commodity is deliverable on a contract for future delivery  
20 subject to the rules of a commodity market regulated by the United States  
21 commodity futures trading commission.

22 32. Sales of tangible personal property by a nonprofit organization  
23 that is exempt from taxation under section 501(c)(3), 501(c)(4), 501(c)(6),  
24 501(c)(7) or 501(c)(8) of the internal revenue code if the organization  
25 sponsors or operates a rodeo featuring primarily farm and ranch animals and  
26 no part of the organization's net earnings inures to the benefit of any  
27 private shareholder or individual.

28 33. Sales of new semitrailers, as defined in section 28-101,  
29 manufactured in Arizona, or new parts manufactured in Arizona for  
30 semitrailers sold by the manufacturer to a person who holds an interstate  
31 commerce commission license for use in interstate commerce.

32 34. Sales of seeds, seedlings, roots, bulbs, cuttings and other  
33 propagative material to persons who use those items to commercially produce  
34 agricultural, horticultural, viticultural or floricultural crops in this  
35 state.

36 35. Machinery, equipment, technology or related supplies that are only  
37 useful to assist a person who is physically disabled as defined in section  
38 46-191, has a developmental disability as defined in section 36-551 or has  
39 a head injury as defined in section 41-3201 to be more independent and  
40 functional.

41 36. Sales of tangible personal property that is shipped or delivered  
42 directly to a destination outside the United States for use in that foreign  
43 country.

44 37. Sales of natural gas or liquefied petroleum gas used to propel a  
45 motor vehicle.

1 38. Paper machine clothing, such as forming fabrics and dryer felts,  
2 sold to a paper manufacturer and directly used or consumed in paper  
3 manufacturing.

4 39. Coal, petroleum, coke, natural gas, virgin fuel oil and electricity  
5 sold to a qualified environmental technology manufacturer, producer or  
6 processor as defined in section 41-1514.02 and directly used or consumed in  
7 the generation or provision of on-site power or energy solely for  
8 environmental technology manufacturing, producing or processing or  
9 environmental protection. This paragraph shall apply for fifteen full  
10 consecutive calendar or fiscal years from the date the first paper  
11 manufacturing machine is placed in service. In the case of an environmental  
12 technology manufacturer, producer or processor who does not manufacture  
13 paper, the time period shall begin with the date the first manufacturing,  
14 processing or production equipment is placed in service.

15 40. Sales of liquid, solid or gaseous chemicals used in manufacturing,  
16 processing, fabricating, mining, refining, metallurgical operations, research  
17 and development and, beginning on January 1, 1999, printing, if using or  
18 consuming the chemicals, alone or as part of an integrated system of  
19 chemicals, involves direct contact with the materials from which the product  
20 is produced for the purpose of causing or permitting a chemical or physical  
21 change to occur in the materials as part of the production process. This  
22 paragraph does not include chemicals that are used or consumed in activities  
23 such as packaging, storage or transportation but does not affect any  
24 deduction for such chemicals that is otherwise provided by this section. For  
25 purposes of this paragraph, "printing" means a commercial printing operation  
26 and includes job printing, engraving, embossing, copying and bookbinding.

27 41. Through December 31, 1994, personal property liquidation  
28 transactions, conducted by a personal property liquidator. From and after  
29 December 31, 1994, personal property liquidation transactions shall be  
30 taxable under this section provided that nothing in this subsection shall be  
31 construed to authorize the taxation of casual activities or transactions  
32 under this chapter. In this paragraph:

33 (a) "Personal property liquidation transaction" means a sale of  
34 personal property made by a personal property liquidator acting solely on  
35 behalf of the owner of the personal property sold at the dwelling of the  
36 owner or upon the death of any owner, on behalf of the surviving spouse, if  
37 any, any devisee or heir or the personal representative of the estate of the  
38 deceased, if one has been appointed.

39 (b) "Personal property liquidator" means a person who is retained to  
40 conduct a sale in a personal property liquidation transaction.

41 42. Sales of food, drink and condiment for consumption within the  
42 premises of any prison, jail or other institution under the jurisdiction of  
43 the state department of corrections, the department of public safety, the  
44 department of juvenile corrections or a county sheriff.

1           43. A motor vehicle and any repair and replacement parts and tangible  
2 personal property becoming a part of such motor vehicle sold to a motor  
3 carrier who is subject to a fee prescribed in title 28, chapter 16, article  
4 4 and who is engaged in the business of leasing or renting such property.

5           44. Livestock and poultry feed, salts, vitamins and other additives for  
6 livestock or poultry consumption that are sold to persons who are engaged in  
7 producing livestock, poultry, or livestock or poultry products or who are  
8 engaged in feeding livestock or poultry commercially. For purposes of this  
9 paragraph, "poultry" includes ratites.

10           45. Sales of implants used as growth promotants and injectable  
11 medicines, not already exempt under paragraph 8 of this subsection, for  
12 livestock or poultry owned by or in possession of persons who are engaged in  
13 producing livestock, poultry, or livestock or poultry products or who are  
14 engaged in feeding livestock or poultry commercially. For purposes of this  
15 paragraph, "poultry" includes ratites.

16           46. Sales of motor vehicles at auction to nonresidents of this state  
17 for use outside this state if the vehicles are shipped or delivered out of  
18 this state, regardless of where title to the motor vehicles passes or its  
19 free on board point.

20           47. Tangible personal property sold to a person engaged in business and  
21 subject to tax under the transient lodging classification if the tangible  
22 personal property is a personal hygiene item or articles used by human beings  
23 for food, drink or condiment, except alcoholic beverages, which are furnished  
24 without additional charge to and intended to be consumed by the transient  
25 during the transient's occupancy.

26           48. Sales of alternative fuel, as defined in section 1-215, to a used  
27 oil fuel burner who has received a permit to burn used oil or used oil fuel  
28 under section 49-426 or 49-480.

29           49. Sales of materials that are purchased by or for publicly funded  
30 libraries including school district libraries, charter school libraries,  
31 community college libraries, state university libraries or federal, state,  
32 county or municipal libraries for use by the public as follows:

33           (a) Printed or photographic materials, beginning August 7, 1985.

34           (b) Electronic or digital media materials, beginning July 17, 1994.

35           50. Tangible personal property sold to a commercial airline and  
36 consisting of food, beverages and condiments and accessories used for serving  
37 the food and beverages, if those items are to be provided without additional  
38 charge to passengers for consumption in flight. For purposes of this  
39 paragraph, "commercial airline" means a person holding a federal certificate  
40 of public convenience and necessity or foreign air carrier permit for air  
41 transportation to transport persons, property or United States mail in  
42 intrastate, interstate or foreign commerce.

43           51. Sales of alternative fuel vehicles, as defined in section 43-1086,  
44 if the vehicle was manufactured as a diesel fuel vehicle and converted to  
45 operate on alternative fuel and equipment that is installed in a conventional

1 diesel fuel motor vehicle to convert the vehicle to operate on an alternative  
2 fuel, as defined in section 1-215.

3 52. Sales of any spirituous, vinous or malt liquor by a person that is  
4 licensed in this state as a wholesaler by the department of liquor licenses  
5 and control pursuant to title 4, chapter 2, article 1.

6 53. Sales of tangible personal property to be incorporated or installed  
7 as part of environmental response or remediation activities under section  
8 42-5075, subsection B, paragraph 6.

9 54. Sales of tangible personal property by a nonprofit organization  
10 that is exempt from taxation under section 501(c)(6) of the internal revenue  
11 code if the organization produces, organizes or promotes cultural or civic  
12 related festivals or events and no part of the organization's net earnings  
13 inures to the benefit of any private shareholder or individual.

14 B. In addition to the deductions from the tax base prescribed by  
15 subsection A of this section, the gross proceeds of sales or gross income  
16 derived from sales of the following categories of tangible personal property  
17 shall be deducted from the tax base:

18 1. Machinery, or equipment, used directly in manufacturing,  
19 processing, fabricating, job printing, refining or metallurgical operations.  
20 The terms "manufacturing", "processing", "fabricating", "job printing",  
21 "refining" and "metallurgical" as used in this paragraph refer to and include  
22 those operations commonly understood within their ordinary meaning.  
23 "Metallurgical operations" includes leaching, milling, precipitating,  
24 smelting and refining.

25 2. Mining machinery, or equipment, used directly in the process of  
26 extracting ores or minerals from the earth for commercial purposes, including  
27 equipment required to prepare the materials for extraction and handling,  
28 loading or transporting such extracted material to the surface. "Mining"  
29 includes underground, surface and open pit operations for extracting ores and  
30 minerals.

31 3. Tangible personal property sold to persons engaged in business  
32 classified under the telecommunications classification and consisting of  
33 central office switching equipment, switchboards, private branch exchange  
34 equipment, microwave radio equipment and carrier equipment including optical  
35 fiber, coaxial cable and other transmission media which are components of  
36 carrier systems.

37 4. Machinery, equipment or transmission lines used directly in  
38 producing or transmitting electrical power, but not including distribution.  
39 Transformers and control equipment used at transmission substation sites  
40 constitute equipment used in producing or transmitting electrical power.

41 5. Neat animals, horses, asses, sheep, ratites, swine or goats used  
42 or to be used as breeding or production stock, including sales of breedings  
43 or ownership shares in such animals used for breeding or production.

44 6. Pipes or valves four inches in diameter or larger used to transport  
45 oil, natural gas, artificial gas, water or coal slurry, including compressor

1 units, regulators, machinery and equipment, fittings, seals and any other  
2 part that is used in operating the pipes or valves.

3 7. Aircraft, navigational and communication instruments and other  
4 accessories and related equipment sold to:

5 (a) A person holding a federal certificate of public convenience and  
6 necessity, a supplemental air carrier certificate under federal aviation  
7 regulations (14 Code of Federal Regulations part 121) or a foreign air  
8 carrier permit for air transportation for use as or in conjunction with or  
9 becoming a part of aircraft to be used to transport persons, property or  
10 United States mail in intrastate, interstate or foreign commerce.

11 (b) Any foreign government for use by such government outside of this  
12 state.

13 (c) Persons who are not residents of this state and who will not use  
14 such property in this state other than in removing such property from this  
15 state. This subdivision also applies to corporations that are not  
16 incorporated in this state, regardless of maintaining a place of business in  
17 this state, if the principal corporate office is located outside this state  
18 and the property will not be used in this state other than in removing the  
19 property from this state.

20 8. Machinery, tools, equipment and related supplies used or consumed  
21 directly in repairing, remodeling or maintaining aircraft, aircraft engines  
22 or aircraft component parts by or on behalf of a certificated or licensed  
23 carrier of persons or property.

24 9. Railroad rolling stock, rails, ties and signal control equipment  
25 used directly to transport persons or property.

26 10. Machinery or equipment used directly to drill for oil or gas or  
27 used directly in the process of extracting oil or gas from the earth for  
28 commercial purposes.

29 11. Buses or other urban mass transit vehicles which are used directly  
30 to transport persons or property for hire or pursuant to a governmentally  
31 adopted and controlled urban mass transportation program and which are sold  
32 to bus companies holding a federal certificate of convenience and necessity  
33 or operated by any city, town or other governmental entity or by any person  
34 contracting with such governmental entity as part of a governmentally adopted  
35 and controlled program to provide urban mass transportation.

36 12. Groundwater measuring devices required under section 45-604.

37 13. New machinery and equipment consisting of tractors, tractor-drawn  
38 implements, self-powered implements, machinery and equipment necessary for  
39 extracting milk, and machinery and equipment necessary for cooling milk and  
40 livestock, and drip irrigation lines not already exempt under paragraph 6 of  
41 this subsection and that are used for commercial production of agricultural,  
42 horticultural, viticultural and floricultural crops and products in this  
43 state. In this paragraph:

1 (a) "New machinery and equipment" means machinery and equipment which  
2 have never been sold at retail except pursuant to leases or rentals which do  
3 not total two years or more.

4 (b) "Self-powered implements" includes machinery and equipment that  
5 are electric-powered.

6 14. Machinery or equipment used in research and development. In this  
7 paragraph, "research and development" means basic and applied research in the  
8 sciences and engineering, and designing, developing or testing prototypes,  
9 processes or new products, including research and development of computer  
10 software that is embedded in or an integral part of the prototype or new  
11 product or that is required for machinery or equipment otherwise exempt under  
12 this section to function effectively. Research and development do not  
13 include manufacturing quality control, routine consumer product testing,  
14 market research, sales promotion, sales service, research in social sciences  
15 or psychology, computer software research that is not included in the  
16 definition of research and development, or other nontechnological activities  
17 or technical services.

18 15. Machinery and equipment that are purchased by or on behalf of the  
19 owners of a soundstage complex and primarily used for motion picture,  
20 multimedia or interactive video production in the complex. This paragraph  
21 applies only if the initial construction of the soundstage complex begins  
22 after June 30, 1996 and before January 1, 2002 and the machinery and  
23 equipment are purchased before the expiration of five years after the start  
24 of initial construction. For purposes of this paragraph:

25 (a) "Motion picture, multimedia or interactive video production"  
26 includes products for theatrical and television release, educational  
27 presentations, electronic retailing, documentaries, music videos, industrial  
28 films, CD-ROM, video game production, commercial advertising and television  
29 episode production and other genres that are introduced through developing  
30 technology.

31 (b) "Soundstage complex" means a facility of multiple stages including  
32 production offices, construction shops and related areas, prop and costume  
33 shops, storage areas, parking for production vehicles and areas that are  
34 leased to businesses that complement the production needs and orientation of  
35 the overall facility.

36 16. Tangible personal property that is used by either of the following  
37 to receive, store, convert, produce, generate, decode, encode, control or  
38 transmit telecommunications information:

39 (a) Any direct broadcast satellite television or data transmission  
40 service that operates pursuant to 47 Code of Federal Regulations parts 25 and  
41 100.

42 (b) Any satellite television or data transmission facility, if both  
43 of the following conditions are met:

44 (i) Over two-thirds of the transmissions, measured in megabytes,  
45 transmitted by the facility during the test period were transmitted to or on

1 behalf of one or more direct broadcast satellite television or data  
2 transmission services that operate pursuant to 47 Code of Federal Regulations  
3 parts 25 and 100.

4 (ii) Over two-thirds of the transmissions, measured in megabytes,  
5 transmitted by or on behalf of those direct broadcast television or data  
6 transmission services during the test period were transmitted by the facility  
7 to or on behalf of those services.

8 For purposes of subdivision (b) of this paragraph, "test period" means the  
9 three hundred sixty-five day period beginning on the later of the date on  
10 which the tangible personal property is purchased or the date on which the  
11 direct broadcast satellite television or data transmission service first  
12 transmits information to its customers.

13 17. Clean rooms that are used for manufacturing, processing,  
14 fabrication or research and development, as defined in paragraph 14 of this  
15 subsection, of semiconductor products. For purposes of this paragraph,  
16 "clean room" means all property that comprises or creates an environment  
17 where humidity, temperature, particulate matter and contamination are  
18 precisely controlled within specified parameters, without regard to whether  
19 the property is actually contained within that environment or whether any of  
20 the property is affixed to or incorporated into real property. Clean room:

21 (a) Includes the integrated systems, fixtures, piping, movable  
22 partitions, lighting and all property that is necessary or adapted to reduce  
23 contamination or to control airflow, temperature, humidity, chemical purity  
24 or other environmental conditions or manufacturing tolerances, as well as the  
25 production machinery and equipment operating in conjunction with the clean  
26 room environment.

27 (b) Does not include the building or other permanent, nonremovable  
28 component of the building that houses the clean room environment.

29 18. Machinery and equipment used directly in the feeding of poultry,  
30 the environmental control of housing for poultry, the movement of eggs within  
31 a production and packaging facility or the sorting or cooling of eggs. This  
32 exemption does not apply to vehicles used for transporting eggs.

33 19. Machinery or equipment, including related structural components,  
34 that is employed in connection with manufacturing, processing, fabricating,  
35 job printing, refining, mining, natural gas pipelines, metallurgical  
36 operations, telecommunications, producing or transmitting electricity or  
37 research and development and that is used directly to meet or exceed rules  
38 or regulations adopted by the federal energy regulatory commission, the  
39 United States environmental protection agency, the United States nuclear  
40 regulatory commission, the Arizona department of environmental quality or a  
41 political subdivision of this state to prevent, monitor, control or reduce  
42 land, water or air pollution.

43 20. Machinery and equipment that are sold to a person engaged in the  
44 commercial production of livestock, livestock products or agricultural,  
45 horticultural, viticultural or floricultural crops or products in this state

1 and that are used directly and primarily to prevent, monitor, control or  
2 reduce air, water or land pollution.

3 21. Machinery or equipment that enables a television station to  
4 originate and broadcast or to receive and broadcast digital television  
5 signals and that was purchased to facilitate compliance with the  
6 telecommunications act of 1996 (P.L. 104-104; 110 Stat. 56; 47 United States  
7 Code section 336) and the federal communications commission order issued  
8 April 21, 1997 (47 Code of Federal Regulations part 73). This paragraph does  
9 not exempt any of the following:

10 (a) Repair or replacement parts purchased for the machinery or  
11 equipment described in this paragraph.

12 (b) Machinery or equipment purchased to replace machinery or equipment  
13 for which an exemption was previously claimed and taken under this paragraph.

14 (c) Any machinery or equipment purchased after the television station  
15 has ceased analog broadcasting, or purchased after November 1, 2009,  
16 whichever occurs first.

17 C. The deductions provided by subsection B of this section do not  
18 include sales of:

19 1. Expendable materials. For purposes of this paragraph, expendable  
20 materials do not include any of the categories of tangible personal property  
21 specified in subsection B of this section regardless of the cost or useful  
22 life of that property.

23 2. Janitorial equipment and hand tools.

24 3. Office equipment, furniture and supplies.

25 4. Tangible personal property used in selling or distributing  
26 activities, other than the telecommunications transmissions described in  
27 subsection B, paragraph 16 of this section.

28 5. Motor vehicles required to be licensed by this state, except buses  
29 or other urban mass transit vehicles specifically exempted pursuant to  
30 subsection B, paragraph 11 of this section, without regard to the use of such  
31 motor vehicles.

32 6. Shops, buildings, docks, depots and all other materials of whatever  
33 kind or character not specifically included as exempt.

34 7. Motors and pumps used in drip irrigation systems.

35 D. In computing the tax base, gross proceeds of sales or gross income  
36 from retail sales of automobiles does not include any amount attributable to  
37 federal excise taxes imposed by 26 United States Code section 4001.

38 E. In addition to the deductions from the tax base prescribed by  
39 subsection A of this section, there shall be deducted from the tax base the  
40 gross proceeds of sales or gross income derived from sales of machinery,  
41 equipment, materials and other tangible personal property used directly and  
42 predominantly to construct a qualified environmental technology  
43 manufacturing, producing or processing facility as described in section  
44 41-1514.02. This subsection applies for ten full consecutive calendar or  
45 fiscal years after the start of initial construction.

1 F. In computing the tax base, gross proceeds of sales or gross income  
2 from retail sales of heavy trucks and trailers does not include any amount  
3 attributable to federal excise taxes imposed by 26 United States Code section  
4 4051.

5 G. In computing the tax base, gross proceeds of sales or gross income  
6 from the sale of use fuel, as defined in section 28-5601, does not include  
7 any amount attributable to federal excise taxes imposed by 26 United States  
8 Code section 4091.

9 H. If a person is engaged in an occupation or business to which  
10 subsection A of this section applies, the person's books shall be kept so as  
11 to show separately the gross proceeds of sales of tangible personal property  
12 and the gross income from sales of services, and if not so kept the tax shall  
13 be imposed on the total of the person's gross proceeds of sales of tangible  
14 personal property and gross income from services.

15 I. If a person is engaged in the business of selling tangible personal  
16 property at both wholesale and retail, the tax under this section applies  
17 only to the gross proceeds of the sales made other than at wholesale if the  
18 person's books are kept so as to show separately the gross proceeds of sales  
19 of each class, and if the books are not so kept, the tax under this section  
20 applies to the gross proceeds of every sale so made.

21 J. A person who engages in manufacturing, baling, crating, boxing,  
22 barreling, canning, bottling, sacking, preserving, processing or otherwise  
23 preparing for sale or commercial use any livestock, agricultural or  
24 horticultural product or any other product, article, substance or commodity  
25 and who sells the product of such business at retail in this state is deemed,  
26 as to such sales, to be engaged in business classified under the retail  
27 classification. This subsection does not apply to businesses classified  
28 under the:

- 29 1. Transporting classification.
- 30 2. Utility UTILITIES classification.
- 31 3. Telecommunications classification.
- 32 4. Pipeline classification.
- 33 5. Private car line classification.
- 34 6. Publication classification.
- 35 7. Job printing classification.
- 36 8. Prime contracting classification.
- 37 9. Owner builder sales classification.
- 38 10. Restaurant classification.

39 K. The gross proceeds of sales or gross income derived from the  
40 following shall be deducted from the tax base for the retail classification:

- 41 1. Sales made directly to the United States government or its  
42 departments or agencies by a manufacturer, modifier, assembler or repairer.
- 43 2. Sales made directly to a manufacturer, modifier, assembler or  
44 repairer if such sales are of any ingredient or component part of products

1 sold directly to the United States government or its departments or agencies  
2 by the manufacturer, modifier, assembler or repairer.

3 3. Overhead materials or other tangible personal property that is used  
4 in performing a contract between the United States government and a  
5 manufacturer, modifier, assembler or repairer, including property used in  
6 performing a subcontract with a government contractor who is a manufacturer,  
7 modifier, assembler or repairer, to which title passes to the government  
8 under the terms of the contract or subcontract.

9 4. Sales of overhead materials or other tangible personal property to  
10 a manufacturer, modifier, assembler or repairer if the gross proceeds of  
11 sales or gross income derived from the property by the manufacturer,  
12 modifier, assembler or repairer will be exempt under paragraph 3 of this  
13 subsection.

14 L. There shall be deducted from the tax base fifty per cent of the  
15 gross proceeds or gross income from any sale of tangible personal property  
16 made directly to the United States government or its departments or agencies,  
17 which is not deducted under subsection K of this section.

18 M. The department shall require every person claiming a deduction  
19 provided by subsection K or L of this section to file on forms prescribed by  
20 the department at such times as the department directs a sworn statement  
21 disclosing the name of the purchaser and the exact amount of sales on which  
22 the exclusion or deduction is claimed.

23 N. In computing the tax base, gross proceeds of sales or gross income  
24 does not include:

25 1. A manufacturer's cash rebate on the sales price of a motor vehicle  
26 if the buyer assigns the buyer's right in the rebate to the retailer.

27 2. The waste tire disposal fee imposed pursuant to section 44-1302.

28 O. There shall be deducted from the tax base the amount received from  
29 sales of solar energy devices, but the deduction shall not exceed five  
30 thousand dollars for each solar energy device. Before deducting any amount  
31 under this subsection, the retailer shall register with the department as a  
32 solar energy retailer. By registering, the retailer acknowledges that it  
33 will make its books and records relating to sales of solar energy devices  
34 available to the department for examination.

35 P. In computing the tax base in the case of the sale or transfer of  
36 wireless telecommunications equipment as an inducement to a customer to enter  
37 into or continue a contract for telecommunications services that are taxable  
38 under section 42-5064, gross proceeds of sales or gross income does not  
39 include any sales commissions or other compensation received by the retailer  
40 as a result of the customer entering into or continuing a contract for the  
41 telecommunications services.

42 Q. For the purposes of this section, a sale of wireless  
43 telecommunications equipment to a person who holds the equipment for sale or  
44 transfer to a customer as an inducement to enter into or continue a contract

1 for telecommunications services that are taxable under section 42-5064 is  
2 considered to be a sale for resale in the regular course of business.

3 R. Retail sales of prepaid calling cards or prepaid authorization  
4 numbers for telecommunications services, including sales of reauthorization  
5 of a prepaid card or authorization number, are subject to tax under this  
6 section.

7 S. For the purposes of this section, the diversion of gas from a  
8 pipeline by a person engaged in the business of operating a natural or  
9 artificial gas pipeline, for the sole purpose of fueling compressor equipment  
10 to pressurize the pipeline, is not a sale of the gas to the operator of the  
11 pipeline.

12 T. If a seller is entitled to a deduction pursuant to subsection B,  
13 paragraph 16, subdivision (b) of this section, the department may require the  
14 purchaser to establish that the requirements of subsection B, paragraph 16,  
15 subdivision (b) of this section have been satisfied. If the purchaser cannot  
16 establish that the requirements of subsection B, paragraph 16, subdivision  
17 (b) of this section have been satisfied, the purchaser is liable in an amount  
18 equal to any tax, penalty and interest which the seller would have been  
19 required to pay under article 1 of this chapter if the seller had not made  
20 a deduction pursuant to subsection B, paragraph 16, subdivision (b) of this  
21 section. Payment of the amount under this subsection exempts the purchaser  
22 from liability for any tax imposed under article 4 of this chapter and  
23 related to the tangible personal property purchased. The amount shall be  
24 treated as transaction privilege tax to the purchaser and as tax revenues  
25 collected from the seller to designate the distribution base pursuant to  
26 section 42-5029.

27 ~~U. For purposes of section 42-5032.01, the department shall separately~~  
28 ~~account for revenues collected under the retail classification from~~  
29 ~~businesses selling tangible personal property at retail:~~

30 ~~1. On the premises of a multipurpose facility that is owned, leased~~  
31 ~~or operated by the tourism and sports authority pursuant to title 5,~~  
32 ~~chapter 8.~~

33 ~~2. At professional football contests that are held in a stadium~~  
34 ~~located on the campus of an institution under the jurisdiction of the Arizona~~  
35 ~~board of regents.~~

36 ~~V. U. For the purposes of this section:~~

37 ~~1. "Aircraft" includes:~~

38 ~~(a) An airplane flight simulator that is approved by the federal~~  
39 ~~aviation administration for use as a phase II or higher flight simulator~~  
40 ~~under appendix H, 14 Code of Federal Regulations part 121.~~

41 ~~(b) Tangible personal property that is permanently affixed or attached~~  
42 ~~as a component part of an aircraft that is owned or operated by a~~  
43 ~~certificated or licensed carrier of persons or property.~~

1           2. "Other accessories and related equipment" includes aircraft  
2 accessories and equipment such as ground service equipment that physically  
3 contact aircraft at some point during the overall carrier operation.

4           3. "Selling at retail" means a sale for any purpose other than for  
5 resale in the regular course of business in the form of tangible personal  
6 property, but transfer of possession, lease and rental as used in the  
7 definition of sale mean only such transactions as are found on investigation  
8 to be in lieu of sales as defined without the words lease or rental.

9           ~~W.~~ V. For purposes of subsection K of this section:

10          1. "Assembler" means a person who unites or combines products, wares  
11 or articles of manufacture so as to produce a change in form or substance  
12 without changing or altering the component parts.

13          2. "Manufacturer" means a person who is principally engaged in the  
14 fabrication, production or manufacture of products, wares or articles for use  
15 from raw or prepared materials, imparting to those materials new forms,  
16 qualities, properties and combinations.

17          3. "Modifier" means a person who reworks, changes or adds to products,  
18 wares or articles of manufacture.

19          4. "Overhead materials" means tangible personal property, the gross  
20 proceeds of sales or gross income derived from which would otherwise be  
21 included in the retail classification, and which are used or consumed in the  
22 performance of a contract, the cost of which is charged to an overhead  
23 expense account and allocated to various contracts based upon generally  
24 accepted accounting principles and consistent with government contract  
25 accounting standards.

26          5. "Repairer" means a person who restores or renews products, wares  
27 or articles of manufacture.

28          6. "Subcontract" means an agreement between a contractor and any  
29 person who is not an employee of the contractor for furnishing of supplies  
30 or services that, in whole or in part, are necessary to the performance of  
31 one or more government contracts, or under which any portion of the  
32 contractor's obligation under one or more government contracts is performed,  
33 undertaken or assumed and that includes provisions causing title to overhead  
34 materials or other tangible personal property used in the performance of the  
35 subcontract to pass to the government or that includes provisions  
36 incorporating such title passing clauses in a government contract into the  
37 subcontract.

38          Sec. 54. Section 42-5073, Arizona Revised Statutes, is amended to  
39 read:

40          42-5073. Amusement classification

41          A. The amusement classification is comprised of the business of  
42 operating or conducting theaters, movies, operas, shows of any type or  
43 nature, exhibitions, concerts, carnivals, circuses, amusement parks,  
44 menageries, fairs, races, contests, games, billiard or pool parlors, bowling  
45 alleys, public dances, dance halls, boxing and wrestling matches, skating

1 rinks, tennis courts, except as provided in subsection B of this section,  
2 video games, pinball machines, sports events or any other business charging  
3 admission or user fees for exhibition, amusement or entertainment, including  
4 the operation or sponsorship of events by a tourism and sports authority  
5 under title 5, chapter 8. For purposes of this section, admission or user  
6 fees include, but are not limited to, any revenues derived from any form of  
7 contractual agreement for rights to or use of premium or special seating  
8 facilities or arrangements. The amusement classification does not include:

9 1. Activities or projects of bona fide religious or educational  
10 institutions.

11 2. Private or group instructional activities. For purposes of this  
12 paragraph, "private or group instructional activities" includes, but is not  
13 limited to, performing arts, martial arts, gymnastics and aerobic  
14 instruction.

15 3. The operation or sponsorship of events by the Arizona exposition  
16 and state fair board or county fair commissions.

17 4. A musical, dramatic or dance group or a botanical garden, museum  
18 or zoo that is qualified as a nonprofit charitable organization under section  
19 501(c)(3) of the United States internal revenue code and if no part of its  
20 net income inures to the benefit of any private shareholder or individual.

21 5. Exhibition events in this state sponsored, conducted or operated  
22 by a nonprofit organization that is exempt from taxation under section  
23 501(c)(3), 501(c)(4) or 501(c)(6) of the internal revenue code if the  
24 organization is associated with major league baseball teams or a national  
25 touring professional golfing association and no part of the organization's  
26 net earnings inures to the benefit of any private shareholder or individual.

27 6. Operating or sponsoring rodeos that feature primarily farm and  
28 ranch animals in this state and that are sponsored, conducted or operated by  
29 a nonprofit organization that is exempt from taxation under section  
30 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7) or 501(c)(8) of the internal  
31 revenue code and no part of the organization's net earnings inures to the  
32 benefit of any private shareholder or individual.

33 7. Sales of admissions to intercollegiate football contests if the  
34 contests are both:

35 (a) operated by a nonprofit organization that is exempt from taxation  
36 under section 501(c)(3) of the internal revenue code and no part of the  
37 organization's net earnings inures to the benefit of any private shareholder  
38 or individual.

39 (b) ~~Not held in a multipurpose facility that is owned or operated by~~  
40 ~~the tourism and sports authority pursuant to title 5, chapter 8.~~

41 8. Activities and events of, or fees and assessments received by, a  
42 homeowners organization from persons who are members of the organization or  
43 accompanied guests of members. For purposes of this paragraph, "homeowners  
44 organization" means a mandatory membership organization comprised of owners  
45 of residential property within a specified residential real estate

1 subdivision development or similar area and established to own property for  
2 the benefit of its members where both of the following apply:

3 (a) No part of the organization's net earnings inures to the benefit  
4 of any private shareholder or individual.

5 (b) The primary purpose of the organization is to provide for the  
6 acquisition, construction, management, maintenance or care of organization  
7 property.

8 9. Activities and events of, or fees received by, a nonprofit  
9 organization that is exempt from taxation under section 501(c)(6) of the  
10 internal revenue code if the organization produces, organizes or promotes  
11 cultural or civic related festivals or events and no part of the  
12 organization's net earnings inures to the benefit of any private shareholder  
13 or individual.

14 B. The tax base for the amusement classification is the gross proceeds  
15 of sales or gross income derived from the business, except that the following  
16 shall be deducted from the tax base:

17 1. The gross proceeds of sales or gross income derived from  
18 memberships, including initiation fees, which provide for the right to use  
19 a health or fitness establishment or a private recreational establishment,  
20 or any portion of an establishment, including tennis and other racquet courts  
21 at that establishment, for participatory purposes for twenty-eight days or  
22 more and fees charged for use of the health or fitness establishment or  
23 private recreational establishment by bona fide accompanied guests of  
24 members, except that this paragraph does not include additional fees, other  
25 than initiation fees, charged by a health or fitness establishment or a  
26 private recreational establishment for purposes other than memberships which  
27 provide for the right to use a health or fitness establishment or private  
28 recreational establishment, or any portion of an establishment, for  
29 participatory purposes for twenty-eight days or more and accompanied guest  
30 use fees.

31 2. Amounts that are exempt under section 5-111, subsection H.

32 3. The gross proceeds of sales or gross income derived from membership  
33 fees, including initiation fees, that provide for the right to use a  
34 transient lodging recreational establishment, including golf courses and  
35 tennis and other racquet courts at that establishment, for participatory  
36 purposes for twenty-eight days or more, except that this paragraph does not  
37 include additional fees, other than initiation fees, that are charged by a  
38 transient lodging recreational establishment for purposes other than  
39 memberships and that provide for the right to use a transient lodging  
40 recreational establishment or any portion of the establishment for  
41 participatory purposes for twenty-eight days or more.

42 4. The gross proceeds of sales or gross income derived from sales to  
43 persons engaged in the business of transient lodging classified under section  
44 42-5070, if all of the following apply:

1 (a) The persons who are engaged in the transient lodging business sell  
2 the amusement to another person for consideration.

3 (b) The consideration received by the transient lodging business is  
4 equal to or greater than the amount to be deducted under this subsection.

5 (c) The transient lodging business has provided an exemption  
6 certificate to the person engaging in business under this section.

7 5. The gross proceeds of sales or gross income derived from:

8 (a) Business activity that is properly included in any other business  
9 classification under this article and that is taxable to the person engaged  
10 in that classification, but the gross proceeds of sales or gross income to  
11 be deducted shall not exceed the consideration paid to the person conducting  
12 the activity.

13 (b) Business activity that is arranged by the person who is subject  
14 to tax under this section and that is not taxable to the person conducting  
15 the activity due to an exclusion, exemption or deduction under this section  
16 or section 42-5062, but the gross proceeds of sales or gross income to be  
17 deducted shall not exceed the consideration paid to the person conducting the  
18 activity.

19 (c) Business activity that is arranged by a person who is subject to  
20 tax under this section and that is taxable to another person under this  
21 section who conducts the activity, but the gross proceeds of sales or gross  
22 income to be deducted shall not exceed the consideration paid to the person  
23 conducting the activity.

24 C. For purposes of subsection B of this section:

25 1. "Health or fitness establishment" means a facility whose primary  
26 purpose is to provide facilities, equipment, instruction or education to  
27 promote the health and fitness of its members and at least eighty per cent  
28 of the monthly gross revenue of the facility is received through accounts of  
29 memberships and accompanied guest use fees which provide for the right to use  
30 the facility, or any portion of the facility, under the terms of the  
31 membership agreement for participatory purposes for twenty-eight days or  
32 more.

33 2. "Private recreational establishment" means a facility whose primary  
34 purpose is to provide recreational facilities, such as tennis, golf and  
35 swimming, for its members and where at least eighty per cent of the monthly  
36 gross revenue of the facility is received through accounts of memberships and  
37 accompanied guest use fees which provide for the right to use the facility,  
38 or any portion of the facility, for participatory purposes for twenty-eight  
39 days or more.

40 3. "Transient lodging recreational establishment" means a facility  
41 whose primary purpose is to provide facilities for transient lodging, that  
42 is subject to taxation under this chapter and that also provides recreational  
43 facilities, such as tennis, golf and swimming, for members for a period of  
44 twenty-eight days or more.

1 D. Until December 31, 1988, the revenues from hayrides and other  
2 animal-drawn amusement rides, from horseback riding and riding instruction  
3 and from recreational tours using motor vehicles designed to operate on and  
4 off public highways are exempt from the tax imposed by this section.  
5 Beginning January 1, 1989, the gross proceeds or gross income from hayrides  
6 and other animal-drawn amusement rides, from horseback riding and from  
7 recreational tours using motor vehicles designed to operate on and off public  
8 highways are subject to taxation under this section. Tax liabilities,  
9 penalties and interest paid for taxable periods before January 1, 1989 shall  
10 not be refunded unless the taxpayer requesting the refund provides proof  
11 satisfactory to the department that the taxes will be returned to the  
12 customer.

13 E. If a person is engaged in the business of offering both exhibition,  
14 amusement or entertainment and private or group instructional activities, the  
15 person's books shall be kept to show separately the gross income from  
16 exhibition, amusement or entertainment and the gross income from  
17 instructional activities. If the books do not provide this separate  
18 accounting, the tax is imposed on the person's total gross income from the  
19 business.

20 F. The department shall separately account for revenues collected  
21 under the amusement classification for purposes of section 42-5029,  
22 subsection D, paragraph 4, subdivision (f).

23 ~~G. For purposes of section 42-5032.01, the department shall separately~~  
24 ~~account for revenues collected under the amusement classification from sales~~  
25 ~~of admissions to:~~

26 ~~1. Events that are held in a multipurpose facility that is owned or~~  
27 ~~operated by the tourism and sports authority pursuant to title 5, chapter 8,~~  
28 ~~including intercollegiate football contests that are operated by a nonprofit~~  
29 ~~organization that is exempt from taxation under section 501(c)(3) of the~~  
30 ~~internal revenue code.~~

31 ~~2. Professional football contests that are held in a stadium located~~  
32 ~~on the campus of an institution under the jurisdiction of the Arizona board~~  
33 ~~of regents.~~

34 Sec. 55. Section 42-5074, Arizona Revised Statutes, is amended to  
35 read:

36 42-5074. Restaurant classification

37 A. The restaurant classification is comprised of the business of  
38 operating restaurants, dining cars, dining rooms, lunchrooms, lunch stands,  
39 soda fountains, catering services or similar establishments where articles  
40 of food or drink are sold for consumption on or off the premises.

41 B. The tax base for the restaurant classification is the gross  
42 proceeds of sales or gross income derived from the business. The gross  
43 proceeds of sales or gross income derived from the following shall be  
44 deducted from the tax base:

1           1. Sales to a person engaged in business classified under the  
2 restaurant classification if the items sold are to be resold in the regular  
3 course of the business.

4           2. Sales by a congressionally chartered veterans organization of food  
5 or drink prepared for consumption on the premises leased, owned or maintained  
6 by the organization.

7           3. Sales by churches, fraternal benefit societies and other nonprofit  
8 organizations, as these organizations are defined in the federal internal  
9 revenue code (26 United States Code section 501), which do not regularly  
10 engage or continue in the restaurant business for the purpose of  
11 fund-raising.

12           4. Sales by a nonprofit organization that is exempt from taxation  
13 under section 501(c)(3), 501(c)(4) or 501(c)(6) of the internal revenue code  
14 if the organization is associated with a major league baseball team or a  
15 national touring professional golfing association and no part of the  
16 organization's net earnings inures to the benefit of any private shareholder  
17 or individual.

18           5. Sales at a rodeo featuring primarily farm and ranch animals in this  
19 state by a nonprofit organization that is exempt from taxation under section  
20 501(c)(3), 501(c)(4), 501(c)(6), 501(c)(7) or 501(c)(8) of the internal  
21 revenue code and no part of the organization's net earnings inures to the  
22 benefit of any private shareholder or individual.

23           6. Sales by any nonprofit organization organized and operated  
24 exclusively for charitable purposes and recognized by the United States  
25 internal revenue service under section 501(c)(3) of the internal revenue  
26 code.

27           7. Sales to qualifying hospitals as defined in section 42-5001.

28           8. Sales to a qualifying health care organization as defined in  
29 section 42-5001 if the tangible personal property is used by the organization  
30 solely to provide health and medical related educational and charitable  
31 services.

32           9. Sales of food, drink and condiment for consumption within the  
33 premises of any prison, jail or other institution under the jurisdiction of  
34 the state department of corrections, the department of public safety, the  
35 department of juvenile corrections or a county sheriff.

36           C. The tax imposed on the restaurant classification pursuant to this  
37 section does not apply to the gross proceeds of sales or gross income from  
38 tangible personal property sold to a commercial airline consisting of food,  
39 beverages and condiments and accessories used for serving the food and  
40 beverages, if those items are to be provided without additional charge to  
41 passengers for consumption in flight. For purposes of this subsection,  
42 "commercial airline" means a person holding a federal certificate of public  
43 convenience and necessity or foreign air carrier permit for air  
44 transportation to transport persons, property or United States mail in  
45 intrastate, interstate or foreign commerce.

1 D. The department shall separately account for revenues collected  
2 under the restaurant classification for purposes of section 42-5029,  
3 subsection D, paragraph 4, subdivision (f).

4 ~~E. For purposes of section 42-5032.01, the department shall separately~~  
5 ~~account for revenues collected under the restaurant classification from~~  
6 ~~businesses operating restaurants, dining rooms, lunchrooms, lunch stands,~~  
7 ~~soda fountains, catering services or similar establishments:~~

8 ~~1. On the premises of a multipurpose facility that is owned or~~  
9 ~~operated by the tourism and sports authority pursuant to title 5, chapter 8~~  
10 ~~for consumption on or off the premises.~~

11 ~~2. At professional football contests that are held in a stadium~~  
12 ~~located on the campus of an institution under the jurisdiction of the Arizona~~  
13 ~~board of regents.~~

14 Sec. 56. Section 42-5075, Arizona Revised Statutes, is amended to  
15 read:

16 42-5075. Prime contracting classification; exemptions;  
17 definitions

18 A. The prime contracting classification is comprised of the business  
19 of prime contracting and dealership of manufactured buildings. The sale of  
20 a used manufactured building is not taxable under this chapter.

21 B. The tax base for the prime contracting classification is sixty-five  
22 per cent of the gross proceeds of sales or gross income derived from the  
23 business. The following amounts shall be deducted from the gross proceeds  
24 of sales or gross income before computing the tax base:

25 1. The sales price of land, which shall not exceed the fair market  
26 value.

27 2. Sales and installation of groundwater measuring devices required  
28 under section 45-604 and groundwater monitoring wells required by law,  
29 including monitoring wells installed for acquiring information for a permit  
30 required by law.

31 3. The sales price of furniture, furnishings, fixtures, appliances,  
32 and attachments that are not incorporated as component parts of or attached  
33 to a manufactured building or the setup site. The sale of such items may be  
34 subject to the taxes imposed by article 1 of this chapter separately and  
35 distinctly from the sale of the manufactured building.

36 4. The gross proceeds of sales or gross income received from a  
37 contract entered into for the construction, alteration, repair, addition,  
38 subtraction, improvement, movement, wrecking or demolition of any building,  
39 highway, road, railroad, excavation, manufactured building or other  
40 structure, project, development or improvement located in a military reuse  
41 zone for providing aviation or aerospace services or for a manufacturer,  
42 assembler or fabricator of aviation or aerospace products within five years  
43 after the zone is initially established or renewed under section 41-1531. To  
44 qualify for this deduction, before beginning work under the contract the

1 prime contractor must obtain a letter of qualification from the department  
2 of revenue.

3 5. The gross proceeds of sales or gross income derived from a contract  
4 to construct a qualified environmental technology manufacturing, producing  
5 or processing facility, as described in section 41-1514.02, and from  
6 subsequent construction and installation contracts that begin within ten  
7 years after the start of initial construction. To qualify for this  
8 deduction, before beginning work under the contract the prime contractor must  
9 obtain a letter of qualification from the department of revenue. This  
10 paragraph shall apply for ten full consecutive calendar or fiscal years after  
11 the start of initial construction.

12 6. The gross proceeds of sales or gross income from a contract to  
13 provide for one or more of the following actions, or a contract for site  
14 preparation, constructing, furnishing or installing machinery, equipment or  
15 other tangible personal property, including structures necessary to protect  
16 exempt incorporated materials or installed machinery or equipment, and  
17 tangible personal property incorporated into the project, to perform one or  
18 more of the following actions in response to a release or suspected release  
19 of a hazardous substance, pollutant or contaminant from a facility to the  
20 environment, unless the release was authorized by a permit issued by a  
21 governmental authority:

22 (a) Actions to monitor, assess and evaluate such a release or a  
23 suspected release.

24 (b) Excavation, removal and transportation of contaminated soil and  
25 its treatment or disposal.

26 (c) Treatment of contaminated soil by vapor extraction, chemical or  
27 physical stabilization, soil washing or biological treatment to reduce the  
28 concentration, toxicity or mobility of a contaminant.

29 (d) Pumping and treatment or in situ treatment of contaminated  
30 groundwater or surface water to reduce the concentration or toxicity of a  
31 contaminant.

32 (e) The installation of structures, such as cutoff walls or caps, to  
33 contain contaminants present in groundwater or soil and prevent them from  
34 reaching a location where they could threaten human health or welfare or the  
35 environment.

36 This paragraph does not include asbestos removal or the construction or use  
37 of ancillary structures such as maintenance sheds, offices or storage  
38 facilities for unattached equipment, pollution control equipment, facilities  
39 or other control items required or to be used by a person to prevent or  
40 control contamination before it reaches the environment.

41 7. The gross proceeds of sales or gross income that is derived from  
42 a contract entered into for the installation, assembly, repair or maintenance  
43 of machinery, equipment or other tangible personal property that is deducted  
44 from the tax base of the retail classification pursuant to section 42-5061,  
45 subsection B, or that is exempt from use tax pursuant to section 42-5159,

1 subsection B, and that does not become a permanent attachment to a building,  
2 highway, road, railroad, excavation or manufactured building or other  
3 structure, project, development or improvement. If the ownership of the  
4 realty is separate from the ownership of the machinery, equipment or tangible  
5 personal property, the determination as to permanent attachment shall be made  
6 as if the ownership were the same. The deduction provided in this paragraph  
7 does not include gross proceeds of sales or gross income from that portion  
8 of any contracting activity which consists of the development of, or  
9 modification to, real property in order to facilitate the installation,  
10 assembly, repair, maintenance or removal of machinery, equipment or other  
11 tangible personal property that is deducted from the tax base of the retail  
12 classification pursuant to section 42-5061, subsection B or that is exempt  
13 from use tax pursuant to section 42-5159, subsection B. For purposes of this  
14 paragraph, "permanent attachment" means at least one of the following:

15 (a) To be incorporated into real property.

16 (b) To become so affixed to real property that it becomes a part of  
17 the real property.

18 (c) To be so attached to real property that removal would cause  
19 substantial damage to the real property from which it is removed.

20 8. The gross proceeds of sales or gross income received from a  
21 contract for constructing any lake facility development in a commercial  
22 enhancement reuse district that is designated pursuant to section 9-499.08  
23 if the prime contractor maintains the following records in a form  
24 satisfactory to the department and to the city or town in which the property  
25 is located:

26 (a) The certificate of qualification of the lake facility development  
27 issued by the city or town pursuant to section 9-499.08, subsection D.

28 (b) All state and local transaction privilege tax returns for the  
29 period of time during which the prime contractor received gross proceeds of  
30 sales or gross income from a contract to construct a lake facility  
31 development in a designated commercial enhancement reuse district, showing  
32 the amount exempted from state and local taxation.

33 (c) Any other information that the department considers to be  
34 necessary.

35 9. The gross proceeds of sales or gross income attributable to the  
36 purchase of machinery, equipment or other tangible personal property that is  
37 exempt from or deductible from transaction privilege and use tax under:

38 (a) Section 42-5061, subsection A, paragraph 25 or 29.

39 (b) Section 42-5061, subsection B.

40 (c) Section 42-5159, subsection A, paragraph 13, subdivision (a), (b),

41 (c), (d), (e), (f), (i) or (j).

42 (d) Section 42-5159, subsection B.

43 10. The gross proceeds of sales or gross income received from a  
44 contract for the construction of an environmentally controlled facility for

1 the raising of poultry for the production of eggs and the sorting, cooling  
2 and packaging of eggs.

3 11. The gross proceeds of sales or gross income that is derived from  
4 a contract entered into with a person who is engaged in the commercial  
5 production of livestock, livestock products or agricultural, horticultural,  
6 viticultural or floricultural crops or products in this state for the  
7 construction, alteration, repair, improvement, movement, wrecking or  
8 demolition or addition to or subtraction from any building, highway, road,  
9 excavation, manufactured building or other structure, project, development  
10 or improvement used directly and primarily to prevent, monitor, control or  
11 reduce air, water or land pollution.

12 12. The gross proceeds of sales or gross income that is derived from  
13 the installation, assembly, repair or maintenance of clean rooms that are  
14 deducted from the tax base of the retail classification pursuant to section  
15 42-5061, subsection B, paragraph 17.

16 13. For taxable periods beginning from and after June 30, 2001, the  
17 gross proceeds of sales or gross income derived from a contract entered into  
18 for the construction of a residential apartment housing facility that  
19 qualifies for a federal housing subsidy for low income persons over sixty-two  
20 years of age and that is owned by a nonprofit charitable organization that  
21 has qualified under section 501(c)(3) of the internal revenue code.

22 14. For taxable periods beginning from and after December 31, 1996 and  
23 ending before January 1, 2011, the contractor's retail cost of solar energy  
24 devices that the contractor supplies and installs pursuant to contracts. The  
25 deduction shall not exceed five thousand dollars for each solar energy  
26 device. Before deducting any amount under this paragraph, the contractor  
27 shall register with the department as a solar energy contractor. By  
28 registering, the contractor acknowledges that it will make its books and  
29 records relating to sales of solar energy devices available to the department  
30 for examination.

31 15. The gross proceeds of sales or gross income derived from a contract  
32 entered into for the construction of a launch site, as defined in 14 Code of  
33 Federal Regulations section 401.5.

34 16. The gross proceeds of sales or gross income derived from a contract  
35 entered into for the construction of a domestic violence shelter that is  
36 owned and operated by a nonprofit charitable organization that has qualified  
37 under section 501(c)(3) of the internal revenue code.

38 17. The gross proceeds of sales or gross income derived from contracts  
39 to perform postconstruction treatment of real property for termite and  
40 general pest control, including wood destroying organisms.

41 C. Entitlement to the deduction pursuant to subsection B, paragraph  
42 7 of this section is subject to the following provisions:

43 1. A prime contractor may establish entitlement to the deduction by  
44 both:

1 (a) Marking the invoice for the transaction to indicate that the gross  
2 proceeds of sales or gross income derived from the transaction was deducted  
3 from the base.

4 (b) Obtaining a certificate executed by the purchaser indicating the  
5 name and address of the purchaser, the precise nature of the business of the  
6 purchaser, the purpose for which the purchase was made, the necessary facts  
7 to establish the deductibility of the property under section 42-5061,  
8 subsection B, and a certification that the person executing the certificate  
9 is authorized to do so on behalf of the purchaser. The certificate may be  
10 disregarded if the prime contractor has reason to believe that the  
11 information contained in the certificate is not accurate or complete.

12 2. A person who does not comply with paragraph 1 of this subsection  
13 may establish entitlement to the deduction by presenting facts necessary to  
14 support the entitlement, but the burden of proof is on that person.

15 3. The department may prescribe a form for the certificate described  
16 in paragraph 1, subdivision (b) of this subsection. The department may also  
17 adopt rules that describe the transactions with respect to which a person is  
18 not entitled to rely solely on the information contained in the certificate  
19 provided in paragraph 1, subdivision (b) of this subsection but must instead  
20 obtain such additional information as required in order to be entitled to the  
21 deduction.

22 4. If a prime contractor is entitled to a deduction by complying with  
23 paragraph 1 of this subsection, the department may require the purchaser who  
24 caused the execution of the certificate to establish the accuracy and  
25 completeness of the information required to be contained in the certificate  
26 which would entitle the prime contractor to the deduction. If the purchaser  
27 cannot establish the accuracy and completeness of the information, the  
28 purchaser is liable in an amount equal to any tax, penalty and interest which  
29 the prime contractor would have been required to pay under article 1 of this  
30 chapter if the prime contractor had not complied with paragraph 1 of this  
31 subsection. Payment of the amount under this paragraph exempts the purchaser  
32 from liability for any tax imposed under article 4 of this chapter. The  
33 amount shall be treated as a transaction privilege tax to the purchaser and  
34 as tax revenues collected from the prime contractor in order to designate the  
35 distribution base for purposes of section 42-5029.

36 D. Subcontractors or others who perform services in respect to any  
37 improvement, building, highway, road, railroad, excavation, manufactured  
38 building or other structure, project, development or improvement are not  
39 subject to tax if they can demonstrate that the job was within the control  
40 of a prime contractor or contractors or a dealership of manufactured  
41 buildings and that the prime contractor or dealership is liable for the tax  
42 on the gross income, gross proceeds of sales or gross receipts attributable  
43 to the job and from which the subcontractors or others were paid.

44 E. Amounts received by a contractor for a project are excluded from  
45 the contractor's gross proceeds of sales or gross income derived from the

1 business if the person who hired the contractor executes and provides a  
2 certificate to the contractor stating that the person providing the  
3 certificate is a prime contractor and is liable for the tax under article 1  
4 of this chapter. The department shall prescribe the form of the certificate.  
5 If the contractor has reason to believe that the information contained on the  
6 certificate is erroneous or incomplete, the department may disregard the  
7 certificate. If the person who provides the certificate is not liable for  
8 the tax as a prime contractor, that person is nevertheless deemed to be the  
9 prime contractor in lieu of the contractor and is subject to the tax under  
10 this section on the gross receipts or gross proceeds received by the  
11 contractor.

12 F. Every person engaging or continuing in this state in the business  
13 of prime contracting or dealership of manufactured buildings shall present  
14 to the purchaser of such prime contracting or manufactured building a written  
15 receipt of the gross income or gross proceeds of sales from such activity and  
16 shall separately state the taxes to be paid pursuant to this section.

17 ~~G. For purposes of section 42-5032.01, the department shall separately~~  
18 ~~account for revenues collected under the prime contracting classification~~  
19 ~~from any prime contractor engaged in the preparation or construction of a~~  
20 ~~multipurpose facility, and related infrastructure, that is owned, operated~~  
21 ~~or leased by the tourism and sports authority pursuant to title 5, chapter 8.~~

22 H. G. For purposes of this section:

23 1. "Contracting" means engaging in business as a contractor.

24 2. "Contractor" is synonymous with the term "builder" and means any  
25 person, firm, partnership, corporation, association or other organization,  
26 or a combination of any of them, that undertakes to or offers to undertake  
27 to, or purports to have the capacity to undertake to, or submits a bid to,  
28 or does personally or by or through others, construct, alter, repair, add to,  
29 subtract from, improve, move, wreck or demolish any building, highway, road,  
30 railroad, excavation, manufactured building or other structure, project,  
31 development or improvement, or to do any part of such a project, including  
32 the erection of scaffolding or other structure or works in connection with  
33 such a project, and includes subcontractors and specialty contractors. For  
34 all purposes of taxation or deduction, this definition shall govern without  
35 regard to whether or not such contractor is acting in fulfillment of a  
36 contract.

37 3. "Dealership of manufactured buildings" means a dealer who either:

38 (a) Is licensed pursuant to title 41, chapter 16 and who sells at  
39 retail manufactured buildings.

40 (b) Supervises, performs or coordinates the excavation and completion  
41 of site improvements, setup or moving of a manufactured building including  
42 the contracting, if any, with any subcontractor or specialty contractor for  
43 the completion of the contract.

44 4. "Manufactured building" means a manufactured home, mobile home or  
45 factory-built building, as defined in section 41-2142.



1 existing and outstanding on January 1, 2003, based on the amount of the  
2 obligations to the respective entities, including any existing:

3 1. Intergovernmental agreements with cities and towns.

4 2. Debts and other obligations to banks, other financial institutions,  
5 materials and construction companies and for professional and consulting  
6 services.

7 3. Commitments to other obligees, including public entities and  
8 nonprofit and charitable organizations.

9 B. As provided by section 5-835, subsection B, Arizona Revised  
10 Statutes, as amended by section 35 of this act, the spring training and  
11 amateur sports authority shall make payments under subsection A of this  
12 section before allocating monies for debt service on bonds, tourism, cactus  
13 league promotion and youth and amateur sports pursuant to section 5-835,  
14 subsection B, paragraphs 1 through 6, Arizona Revised Statutes, as amended  
15 by section 35 of this act.

16 C. The joint legislative budget committee shall monitor the payment  
17 of the existing obligations under this section. At least six months before  
18 those obligations are projected to be paid and retired, the staff director  
19 of the joint legislative budget committee shall notify the governor, the  
20 president of the senate and the speaker of the house of representatives and  
21 recommend reduced rates for the car rental surcharge and tax on hotels,  
22 pursuant to sections 5-839 and 5-840, Arizona Revised Statutes, as amended  
23 by this act, that will provide adequate revenues to meet the statutory  
24 responsibilities and allocations of the tourism revenue clearing account  
25 under section 5-835, Arizona Revised Statutes, as amended by section 35 of  
26 this act.

27 Sec. 60. Severability

28 If a provision of this act or its application to any person or  
29 circumstance is held invalid, the invalidity does not affect other provisions  
30 or applications of the act that can be given effect without the invalid  
31 provision or application, and to this end the provisions of this act are  
32 severable.

33 Sec. 61. Emergency

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

APPROVED BY THE GOVERNOR MAY 22, 2002.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 23, 2002.



Passed the House April 4, 2002,

by the following vote: 54 Ayes,

1 Nays, 5 Not Voting

[Signature]  
Speaker of the House

[Signature]  
Chief Clerk of the House

Passed the Senate May 6, 2002,

by the following vote: 21 Ayes,

6 Nays, 3 Not Voting

[Signature] with Emergency Clause  
President of the Senate

[Signature]  
Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR**

This Bill was received by the Governor this  
\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary to the Governor

Approved this \_\_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_ 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Governor of Arizona

**H.B. 2177**

**EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE**

This Bill was received by the Secretary of State  
this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State

HOUSE CONCURS IN SENATE  
AMENDMENTS AND FINAL PASSAGE

May 20, 2002

by the following vote: 40 Ayes,

16 Nays, 4 Not Voting

*with emergency*

*John Dilake*  
Speaker of the House  
*Pro Tempore*

*Norman L. Moore*  
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this

21 day of May, 2002

at 8:13 o'clock A M.

*Sandra Harris*  
Secretary to the Governor

Approved this 22nd day of

May, 2002,

at 4:48 o'clock P M.

*Janice Hull*  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 23 day of May, 2002

at 3:23 o'clock P M.

*Britney Boyles*  
Secretary of State

H.B. 2177