Conference Engrossed

FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-first Legislature
First Regular Session
2013

CHAPTER 232

HOUSE BILL 2572

AN ACT

AMENDING SECTION 48-805, ARIZONA REVISED STATUTES; AMENDING TITLE 48, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 48-805.02; AMENDING SECTION 48-807, ARIZONA REVISED STATUTES; RELATING TO FIRE DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 48-805, Arizona Revised Statutes, is amended to read:

48-805. Fire district; powers and duties

A. A fire district, through its board ~~or elected chief and secretary-treasurer~~, shall:

1. Hold public meetings at least once each calendar month.

~~2. Prepare an annual budget that contains detailed estimated expenditures for each fiscal year and that clearly shows salaries payable to employees of the district, including the appointed chief. For a fire district governed by an elected chief and elected secretary-treasurer, and beginning on July 29, 2010, the amount of any salary for the chief and the secretary-treasurer shall remain unchanged for the remainder of the term of office. The budget shall be posted in three public places and published in a newspaper of general circulation in the district twenty days before a public hearing at a meeting called by the board or elected chief to adopt the budget and if the fire district maintains a publicly viewable website, the budget shall be posted for the public on the website at least twenty days before the public hearing. Copies of the budget shall also be available to members of the public on written request to the district. Following the public hearing, the district board or elected chief and secretary-treasurer shall adopt a budget.~~

~~3.~~ 2. Determine the compensation payable to district personnel.

~~4.~~ 3. Require probationary employees in a paid sworn firefighter position, a reserve firefighter position or a volunteer firefighter position to submit a full set of fingerprints to the fire district. The fire district shall submit the fingerprints to the department of public safety for the purpose of obtaining a state and federal criminal records check pursuant to section 41-1750 and Public Law 92-544. The department of public safety may exchange this fingerprint data with the federal bureau of investigation.

B. A fire district, through its board ~~or elected fire chief and secretary-treasurer~~, may:

1. Employ any personnel and provide services deemed necessary for fire protection, for preservation of life and for carrying out its other powers and duties, including providing ambulance transportation services when authorized to do so pursuant to title 36, chapter 21.1, article 2, but a member of a district board shall not be an employee of the district. The merger of two or more fire districts pursuant to section 48-820 or the consolidation with one or more fire districts pursuant to section 48-822 shall not expand the boundaries of an existing certificate of necessity unless authorized pursuant to title 36, chapter 21.1, article 2.

2. Construct, purchase, lease, lease-purchase or otherwise acquire the following or any interest therein and, in connection with ~~such~~ THE construction or other acquisition, purchase, lease, lease-purchase or grant a lien on any or all of its present or future property, including:

(a) Apparatus, water and rescue equipment, including ambulances and equipment related to any of the foregoing.

(b) Land, buildings, equipment and furnishings to house equipment and personnel necessary or appropriate to carry out its purposes.

3. Finance the acquisition of property as provided in this section and costs incurred in connection with the issuance of bonds as provided in section 48-806. Bonds shall not be issued without the consent of a majority of the electors of the district voting at an election held for that purpose. For the purposes of an election held under this paragraph, all persons who are eligible to vote in fire district elections under section 48-802 are eligible to vote.

4. Enforce the fire code adopted by the district, if any, and assist the state fire marshal in the enforcement of fire protection standards of this state within the fire district including enforcement of a nationally recognized fire code ~~when~~ IF expressly authorized by the state fire marshal.

5. After the approval of the qualified electors of the fire district voting at a regular district election or at a special election called for such purpose by the district board ~~or the elected chief and secretary-treasurer~~, as appropriate, or at any election held in the county ~~which~~ THAT encompasses the fire district, adopt the _____ fire code, which is a nationally recognized fire code approved by the state fire marshal. The words appearing on the ballots shall be "should _____ fire district adopt the _____ fire code, which is a nationally recognized fire code approved by the state fire marshal--yes", "should _____ fire district adopt the _____ fire code, which is a nationally recognized fire code approved by the state fire marshal--no". ~~Such~~ THE code shall be enforced by the county attorney in the same manner as any other law or ordinance of the county. Any inspection or enforcement costs are the responsibility of the fire district involved. The district shall keep THE CODE on file ~~such code~~ which shall be open to public inspection for a period of thirty days ~~prior to~~ BEFORE any election for the purpose of adopting a fire code. Copies of the order of election shall be posted in three public places in the district ~~not less than~~ AT LEAST twenty days before the date of the election, and if a newspaper is published in the county having a general circulation in the district, the order shall be published in the newspaper ~~not less than~~ AT LEAST once a week during each of the three calendar weeks preceding the calendar week of the election.

6. Amend or revise the adopted fire code, including replacement of the adopted fire code with an alternative nationally recognized fire code, with the approval of the state fire marshal and after a hearing held pursuant to posted and published notice as prescribed by ~~subsection A, paragraph 2 of this~~ section 48-805.02, SUBSECTION A. The district shall keep three copies of the adopted code, amendments and revisions on file for public inspection.

7. Enter into an agreement procuring the services of an organized private fire protection company or a fire department of a neighboring city, town, district or settlement without impairing the fire district's powers.

8. Contract with a city or town for fire protection services for all or part of the city or town area until the city or town elects to provide regular fire department services to the area.

9. Retain a certified public accountant to perform an annual audit of district books.

10. Retain private legal counsel.

11. Accept gifts, contributions, bequests and grants and comply with any requirements of ~~such~~ THOSE gifts, contributions, bequests and grants THAT ARE not inconsistent with this article.

12. Appropriate and expend annually ~~such~~ monies as are necessary for the purpose of fire districts belonging to and paying dues in the Arizona fire district association and other professional affiliations or entities.

13. Adopt resolutions establishing fee schedules both within and outside of the jurisdictional boundaries of the district for providing fire protection services and services for the preservation of life, including emergency fire and emergency medical services, plan reviews, standby charges, fire cause determination, users' fees~~,~~ OR facilities benefit assessments or any other fee schedule that may be required.

~~14. Adopt resolutions for a schedule for financial reimbursement to taxpayers for installation of certain fire protection systems such as sprinklers and monitored alarms. Any resolution to offer reimbursements shall include all of the following:~~

~~(a) A nationally recognized analysis of the cost savings to the district by using the fire protection systems.~~

~~(b) The specifications of all qualifying systems.~~

~~(c) The requirements for claiming reimbursement. The amount of reimbursement offered shall bear a reasonable relationship to the cost savings that accrue to the district as a result of the installation of qualifying systems.~~

~~(d) The requirement that the resolution to offer reimbursements expires one year after its adoption unless specifically readopted by the governing board. A resolution to readopt a schedule for financial reimbursement shall additionally include a statement as to the program's effectiveness. The statement shall include the amount of reimbursements paid to each taxpayer for the installation of the fire protection system.~~

~~15.~~ 14. With the approval of two of the three members of a three member board, four of the five members of a five member board or five of the seven members of a seven member board, change the district's name and on so doing shall give written notice to the board of supervisors of the change. The governing board of a fire district may place a question on the general election ballot as to whether the fire district shall change its name.

~~16.~~ 15. Require all employees to submit a full set of fingerprints as prescribed by subsection A, paragraph ~~4~~ 3 of this section.

~~17.~~ 16. Enter into intergovernmental agreements or contracts as follows:

(a) Enter into an intergovernmental agreement with another political subdivision for technical or administrative services or to provide fire services to the property owned by the political subdivision, including property that is outside the district boundary.

(b) Enter into a contract with individuals to provide technical or administrative services.

(c) Enter into a contract with individuals to provide fire protection services or emergency medical services, or both, to the extent not regulated by title 36, chapter 21.1 to property owned by the individual located outside the district boundaries if the individual's property is not located in a county island as defined in section 11-251.12 and at least one of the following apply:

(i) The existing fire service provider where the individual's property is located has issued a notice to the individual that the provider plans to discontinue service.

(ii) Fire service is not available to the individual's property.

(iii) Fire service is offered pursuant to a contract or subscription and the individual has not obtained service for a period of twenty-four months before the date of the contract with the district.

(d) Enter into a contract with individuals to provide fire services to property owned by the individual located outside the district boundaries, where the individual's property is located in a county island as defined in section 11-251.12, if both of the following apply:

(i) The existing fire service provider where the individual's property is located has issued a notice to the residents of the county island and the individual that the provider plans to discontinue or substantially reduce service.

(ii) The district offers contracts to all residents and property owners of the county island who will be affected by the discontinuance or substantial reduction in service by the current fire service provider.

(e) For the purposes of subdivision (a), (b), (c) or (d) of this paragraph, a district may contract with any public or private fire service provider to provide some or all of the contractual services the district is contracting to deliver.

(f) Any contract entered into pursuant to subdivisions (b), (c) and (d) of this paragraph shall include a provision setting forth the cost of service and performance criteria.

C. The chairman and clerk of the district board or their respective designees ~~or the elected chief and secretary-treasurer~~, as applicable, shall draw warrants on the county treasurer for money required to operate the district in accordance with the budget and, as so drawn, the warrants shall

be sufficient to authorize the county treasurer to pay from the fire district fund.

~~D. The district shall not incur any debt or liability in excess of taxes levied and to be collected and the money actually available and unencumbered at the time in the fund, except as provided in subsection B, paragraph 2 of this section and in sections 48-806 and 48-807.~~

~~E.~~ D. The district board may assess and levy a secondary property tax pursuant to this article to pay for the costs of fire protection services or emergency medical services except for services regulated pursuant to title 36, chapter 21.1.

~~F.~~ E. The county attorney may advise and represent the district ~~when~~ IF in the county attorney's judgment ~~such~~ THE advice and representation are appropriate and not in conflict with the county attorney's duties under section 11-532. If the county attorney is unable to advise and represent the district due to a conflict of interest, the district may retain private legal counsel or may request the attorney general to represent it, or both.

Sec. 2. Title 48, chapter 5, article 1, Arizona Revised Statutes, is amended by adding section 48-805.02, to read:

48-805.02. Fire district annual budget; levy; requirements

A. A FIRE DISTRICT SHALL PREPARE AN ANNUAL BUDGET THAT CONTAINS DETAILED ESTIMATED EXPENDITURES FOR EACH FISCAL YEAR AND THAT CLEARLY SHOWS SALARIES PAYABLE TO EMPLOYEES OF THE DISTRICT. THE BUDGET SUMMARY SHALL BE POSTED IN THREE PUBLIC PLACES AND A COMPLETE COPY OF THE BUDGET SHALL BE PUBLISHED ON THE DISTRICT'S OFFICIAL WEBSITE FOR TWENTY DAYS BEFORE A PUBLIC HEARING AT A MEETING CALLED BY THE BOARD TO ADOPT THE BUDGET. COPIES OF THE BUDGET SHALL ALSO BE AVAILABLE TO MEMBERS OF THE PUBLIC ON WRITTEN REQUEST TO THE DISTRICT. FOLLOWING THE PUBLIC HEARING, THE DISTRICT BOARD SHALL ADOPT A BUDGET. A COMPLETE COPY OF THE ADOPTED BUDGET SHALL BE POSTED IN A PROMINENT LOCATION ON THE DISTRICT'S OFFICIAL WEBSITE WITHIN SEVEN BUSINESS DAYS AFTER FINAL ADOPTION AND SHALL BE RETAINED ON THE WEBSITE FOR AT LEAST SIXTY MONTHS. FOR ANY FIRE DISTRICT THAT DOES NOT MAINTAIN AN OFFICIAL WEBSITE, THE FIRE DISTRICT MAY COMPLY WITH THIS SUBSECTION BY POSTING ON A WEBSITE OF AN ASSOCIATION OF FIRE DISTRICTS IN THIS STATE.

B. NOT MORE THAN TEN DAYS AFTER THE ORGANIZATION OF A FIRE DISTRICT AND NOT LATER THAN AUGUST 1 OF EACH YEAR THEREAFTER, THE CHAIRMAN OF THE DISTRICT BOARD SHALL SUBMIT TO THE COUNTY BOARD OF SUPERVISORS A BUDGET ESTIMATE THAT CONTAINS CERTIFICATIONS BY ITEM AND THAT SPECIFIES THE AMOUNT OF MONEY REQUIRED FOR THE MAINTENANCE AND OPERATION OF THE DISTRICT FOR THE ENSUING YEAR.

C. BASED ON THE BUDGET SUBMITTED BY THE DISTRICT, THE BOARD OF SUPERVISORS SHALL LEVY THE TAX AS PRESCRIBED IN SECTION 48-807, SUBSECTION E.

D. EVERY BUDGET ADOPTED BY A FIRE DISTRICT SHALL INCLUDE THE FOLLOWING:

1. A CERTIFICATION BY THE CHAIRMAN AND CLERK OF THE DISTRICT BOARD AS TO BOTH OF THE FOLLOWING:

(a) THAT THE DISTRICT HAS NOT INCURRED ANY DEBT OR LIABILITY IN EXCESS OF TAXES LEVIED AND TO BE COLLECTED AND THE MONEY ACTUALLY AVAILABLE AND UNENCUMBERED AT THAT TIME IN THE DISTRICT GENERAL FUND, EXCEPT FOR THOSE LIABILITIES AS PRESCRIBED IN SECTION 48-805, SUBSECTION B, PARAGRAPH 2 AND SECTIONS 48-806 AND 48-807.

(b) THAT THE DISTRICT COMPLIES WITH SUBSECTION E OF THIS SECTION.

2. FOR EACH OF THE ITEMS LISTED IN THE BUDGET SUMMARY APPROVED PURSUANT TO SUBSECTION A OF THIS SECTION, THE DISTRICT SHALL ESTIMATE THE REVENUE OR EXPENSE FOR THE NEXT TWO FISCAL YEARS. ESTIMATES SHALL BE BASED ON THE AVERAGE INCREASE OR DECREASE OF THE ITEM FOR THE PREVIOUS TWO FISCAL YEARS UNLESS MORE CERTAIN INFORMATION IS AVAILABLE TO THE DISTRICT. ESTIMATES SHALL INCLUDE ANY APPLICABLE LEVY OR RATE LIMITATIONS.

3. IF A DISTRICT'S TOTAL ESTIMATE OF EXPENSES EXCEEDS ITS TOTAL ESTIMATE OF REVENUES FOR ANY FISCAL YEAR, THE DISTRICT SHALL UNDERTAKE A STUDY OF MERGER, CONSOLIDATION OR JOINT OPERATING ALTERNATIVES. THE STUDY REQUIRED BY THIS SUBSECTION SHALL BE PRESENTED TO THE FIRE DISTRICT BOARD IN A SPECIAL PUBLIC MEETING CALLED FOR THE SOLE PURPOSE OF EVALUATING THE STUDY. THE STUDY SHALL INCLUDE AN IDENTIFICATION OF DISTRICTS AVAILABLE FOR MERGER, CONSOLIDATION OR JOINT OPERATIONS, AN ANALYSIS OF THE LEVEL OF SERVICE AND COST OF SERVICE THAT MAY BE PROVIDED TO THE RESIDENTS OF A MERGED, CONSOLIDATED OR JOINTLY OPERATED DISTRICT AS COMPARED TO THE LEVEL AND COST OF SERVICE TO THE RESIDENTS OF THE DISTRICTS WITHOUT ANY MERGER, CONSOLIDATION OR JOINT OPERATIONS.

E. WHEN A FIRE DISTRICT HAS ADOPTED A BUDGET AND THE BOARD OF SUPERVISORS HAS LEVIED A FIRE DISTRICT TAX AS PROVIDED IN SUBSECTION C OF THIS SECTION AND THE DISTRICT HAS INSUFFICIENT MONIES IN ITS GENERAL FUND WITH THE COUNTY TREASURER TO OPERATE THE DISTRICT, THE CHAIRMAN OF THE FIRE DISTRICT BOARD OF DIRECTORS, ON OR AFTER AUGUST 1 OF EACH YEAR, MAY DRAW WARRANTS FOR THE PURPOSES PRESCRIBED IN SECTION 48-805 ON THE COUNTY TREASURER, PAYABLE ON NOVEMBER 1 OF THAT YEAR OR ON APRIL 1 OF THE SUCCEEDING YEAR. THE AGGREGATE AMOUNTS OF THE WARRANTS MAY NOT EXCEED NINETY PER CENT OF THE TAXES LEVIED BY THE COUNTY FOR THE DISTRICT'S CURRENT FISCAL YEAR. IF THE TREASURER CANNOT PAY A WARRANT FOR LACK OF MONIES IN THE FIRE DISTRICT GENERAL FUND, THE WARRANT SHALL BE ENDORSED, BE REGISTERED, BEAR INTEREST AND BE REDEEMED AS PROVIDED BY LAW FOR COUNTY WARRANTS, EXCEPT THAT THE WARRANTS ARE PAYABLE ONLY FROM THE FIRE DISTRICT GENERAL FUND.

F. ANY AUDIT OR REPORT OF A FIRE DISTRICT MADE PURSUANT TO SECTION 48-253 SHALL BE PRESENTED IN PERSON TO THE DISTRICT BOARD BY THE AUDITOR AND THE DISTRICT BOARD SHALL ACCEPT THE AUDIT OR REPORT. THE AUDIT OR REPORT SHALL INCLUDE A CERTIFICATION BY THE AUDITOR OF THE DISTRICT AS TO BOTH OF THE FOLLOWING:

1. THAT THE DISTRICT HAS NOT INCURRED ANY DEBT OR LIABILITY IN EXCESS OF TAXES LEVIED AND TO BE COLLECTED AND THE MONIES ACTUALLY AVAILABLE AND UNENCUMBERED AT THAT TIME IN THE DISTRICT GENERAL FUND EXCEPT FOR THOSE

LIABILITIES AS PRESCRIBED IN SECTION 48-805, SUBSECTION B, PARAGRAPH 2 AND SECTIONS 48-806 AND 48-807.

2. THAT THE DISTRICT COMPLIES WITH SUBSECTION E OF THIS SECTION.

Sec. 3. Section 48-807, Arizona Revised Statutes, is amended to read:

48-807. <u>County fire district assistance tax; annual budget; override</u>

A. The board of supervisors of a county shall levy, at the time of levying other property taxes, a county fire district assistance tax on the taxable property in the county of not more than ten cents per one hundred dollars of assessed valuation. The tax levy provided for in this subsection shall be a levy of secondary property taxes and shall not be subject to title 42, chapter 17, article 2. The county treasurer shall pay to each fire district, including a fire district formed pursuant to section 48-851, in the county from the proceeds of the tax an amount equal to twenty per cent of the property tax levy adopted by the district for the fiscal year in which the tax will be levied, except that:

1. The amount of assistance from the county to a fire district shall be reduced as follows:

(a) Through the fiscal year that ends June 30, 2012, by the dollar amount that the fire district receives from the fire district assistance tax that exceeds three hundred thousand dollars from and after June 30 of each fiscal year.

(b) Beginning with the fiscal year that starts July 1, 2012, by the dollar amount that the fire district receives from the fire district assistance tax that exceeds four hundred thousand dollars from and after June 30 of each fiscal year, without regard to whether the district is located in more than one county.

(c) Except as provided in paragraph 2 of this subsection, if the total amount to be paid to all districts in the county under this paragraph exceeds the amount to be raised by the levy of ten cents per one hundred dollars assessed valuation, then the county treasurer shall pay an amount less than twenty per cent of the property tax levy of each district. The amount to be paid by the county treasurer to each district shall be determined by multiplying the proceeds of the county fire district assistance tax against the proportion that twenty per cent of the property tax levy of each district bears to the total of twenty per cent of the property tax levies of all fire districts in the county.

2. For fiscal years beginning from and after July 1, 1992, the amount of assistance from the county to a fire district shall not be less than the assistance provided from and after June 30, 1991 through June 30, 1992, if, for the fiscal year in which the tax will be levied, the district levies a tax, in addition to any tax levied under section 48-806, of three dollars per one hundred dollars of assessed valuation and the assessed valuation is at least ninety per cent of the assessed valuation for the 1991 tax year. This

paragraph does not apply to fire districts subject to paragraph 1, subdivision (a) or (b) of this subsection.

B. For the purpose of subsection A of this section, the property tax levy of the fire district shall include in lieu contributions pursuant to chapter 1, article 8 of this title but shall not include property tax levies to be applied to the payment of principal and interest on bonds issued pursuant to section 48-806.

C. ~~Notwithstanding subsection A of this section and through the fiscal year that ends June 30, 2012, if two or more fire districts merge to form a consolidated district, the last amount received by each fire district from the fire district assistance tax prior to the merger shall be combined, and if the combined amount exceeds three hundred thousand dollars, the consolidated district may continue to receive the sum of the average of the fire district assistance tax received by each fire district in the three previous years prior to the merger from the fire district assistance tax.~~ Beginning with the fiscal year that starts July 1, 2012, a consolidated district shall not receive more than four hundred thousand dollars in fire district assistance tax monies, without regard to whether the consolidated district is located in more than one county.

D. ~~Through the fiscal year that ends June 30, 2012, if two or more fire districts merge to form a consolidated district and the total of the amounts received by each fire district from the fire district assistance tax is less than three hundred thousand dollars, the consolidated district may continue to receive monies until its receipts total three hundred thousand dollars, as prescribed in subsection A of this section, without regard to whether the consolidated district is located in more than one county.~~ Beginning with the fiscal year that starts July 1, 2012, if two or more fire districts merge to form a consolidated district and the total of the amounts received by each fire district from the fire district assistance tax is less than four hundred thousand dollars, the consolidated district may continue to receive monies until its receipts total four hundred thousand dollars, as prescribed in subsection A of this section, without regard to whether the consolidated district is located in more than one county.

~~E. Not more than ten days after the perfection of the organization of a fire district, and thereafter not later than August 1 of each year, the chief and the secretary-treasurer of the district, or if there is a district board, the chairman of the board, shall submit to the board of supervisors an estimate, certified by items, of the amount of money required for the equipment and maintenance of the district for the ensuing year.~~

~~F.~~ E. The board, based on the budget submitted by the district, shall levy, in addition to any tax levied as provided in section 48-806, a tax not to exceed three dollars twenty-five cents per one hundred dollars of assessed valuation, or the amount of the levy in the preceding tax year multiplied by 1.08, whichever levy is less, and minus any amounts required to reduce the levy pursuant to subsection ~~I~~ H of this section, against all property

situated within the district boundaries and appearing on the last assessment roll. The levy shall be made and the taxes collected in the manner, at the time and by the officers provided by law for the collection of general county taxes.

~~G. Beginning in fiscal year 2013-2014, a complete copy of the adopted budget shall be posted in a prominent location on the district's official website, or on a website of an association of fire districts for districts that do not have official websites, within seven business days after final adoption and shall be retained on the website for at least sixty months.~~

~~H.~~ F. The qualified electors of the district, voting in an election as prescribed by subsection ~~I~~ G of this section, may authorize the board to levy a tax exceeding the limits prescribed by subsection ~~F~~ E of this section under one, but not both, of the following options:

1. The electors may authorize a permanent override allowing annual levies without reference to the levy in the preceding tax year, but remaining subject to the tax rate limit of three dollars twenty-five cents per one hundred dollars of assessed valuation. An election for the purposes of this paragraph must be held at a regularly scheduled general election held on the first Tuesday following the first Monday in November as prescribed by section 16-204, subsection B, paragraph 1, subdivision (d).

2. If the net assessed valuation of all property in the district declines by a combined total of twenty per cent or more over two consecutive valuation years, the electors voting at the next regularly scheduled general election held on the first Tuesday following the first Monday in November as prescribed by section 16-204, subsection B, paragraph 1, subdivision (d) may authorize an override for five consecutive tax years allowing annual levies that are exempt from the tax rate limit of three dollars twenty-five cents, but subject to an annual levy limit of the amount of the levy in the preceding tax year multiplied by 1.05. After the fifth tax year, the district is again subject to the limits prescribed by subsection ~~F~~ E of this section, computed by multiplying the levy beginning in the year preceding the override by 1.08 for each year through the current tax year.

~~I.~~ G. The call for an override election held for the purposes of subsection ~~H~~ F of this section must state:

1. The purpose for requesting additional secondary property tax revenue for the district.

2. If the voters approve the levy:

(a) The maximum dollar amount of secondary property tax that may be collected in the first year compared to the existing maximum secondary property tax levy prescribed in subsection ~~F~~ E of this section.

(b) The estimated secondary property tax rate to fund the proposed levy under subdivision (a) in the first tax year compared to the secondary property tax rate levied in the current year.

~~J.~~ H. If the district annexes additional territory, the limit under subsection ~~F~~ E of this section shall be adjusted by applying the district's

tax rate to the assessed valuation of the annexed property in the preceding tax year. If districts are merged or consolidated under this chapter, the limitation under this subsection in the first year after the districts are merged or consolidated is the total of the levies of the merged or consolidated districts in the preceding tax year multiplied by 1.08 or the amount of the levies allowed by the maximum rate prescribed by subsection ~~F~~ E of this section, whichever is less.

~~K.~~ I. The district shall maintain any property tax revenues collected in excess of the sum of the amounts of taxes collectible pursuant to section 42-17054 and the allowable levy determined under subsection ~~F~~ E of this section in a separate fund and used to reduce the property tax levy in the following tax year.

~~L.~~ J. The levy limit under this section is considered to be increased each year to the maximum limit permissible under subsection ~~F~~ E of this section regardless of whether the district actually levies taxes up to the maximum permissible amount in that year.

~~M.~~ K. The county treasurer shall keep the money received from taxes levied pursuant to subsection ~~F~~ E of this section in a separate fund known as the "fire district general fund" of the district for which collected. Any surplus remaining in the fire district general fund at the end of the fiscal year shall be credited to the fire district general fund of the district for which it was collected for the succeeding fiscal year and after subtraction of accounts payable and encumbrances, shall be used to reduce the property tax levy in the following tax year.

~~N.~~ L. A fire district may maintain separate accounts with a financial institution that is authorized to do business in this state for the purpose of operating a payroll account or for holding ~~contributions, grants,~~ special revenues or ~~trust monies~~ AMBULANCE REVENUES, OR BOTH, as necessary to fulfill the district's fiduciary responsibilities.

~~O.~~ M. A fire district, through the county treasurer, shall establish the relevant governmental funds necessary for the proper management and fiscal accountability of district monies from property taxes, grants, contributions and donations, as defined by the government accounting standards board. Unless the monies received are legally restricted by contract, agreement or law, those monies may be transferred between FUND accounts according to the original or amended budget of the fire district.

N. A FIRE DISTRICT SHALL RECONCILE ALL BALANCE SHEET ACCOUNTS FOR ACCOUNTS FOR EACH CALENDAR MONTH OF THE FISCAL YEAR WITHIN THIRTY DAYS AFTER THE END OF THAT CALENDAR MONTH. THE FIRE DISTRICT BOARD SHALL REVIEW THE RECONCILED BALANCE SHEET ACCOUNTS MONTHLY.

O. A FIRE DISTRICT SHALL PRODUCE MONTHLY FINANCIAL REPORTS TO INCLUDE A REGISTER OF CHECKS, WARRANTS AND DEPOSITS, A STATEMENT OF FINANCIAL ACTIVITIES AND A STATEMENT OF NET ASSETS FOR EACH CALENDAR MONTH. A FIRE DISTRICT SHALL PRODUCE A CASH FLOW PROJECTION REPORT FOR EACH FISCAL YEAR. THE CASH FLOW PROJECTION REPORT SHALL BE UPDATED MONTHLY WITH THE ACTUAL

REVENUES AND EXPENDITURES FROM THE PRECEDING MONTH. EACH MONTH, THE FIRE DISTRICT BOARD SHALL REVIEW THE FINANCIAL REPORTS, THE UPDATED CASH FLOW PROJECTIONS REPORT AND ALL MONTH-END FUND STATEMENTS AND REPORTS OF THE PRECEDING MONTH TO INCLUDE THOSE REPORTS PROVIDED BY THE COUNTY TREASURER AND EACH OF THE FINANCIAL INSTITUTIONS IN WHICH THE DISTRICT MAINTAINS AN ACCOUNT. ANY FINANCIAL REPORT OR CASH FLOW PROJECTION REPORT THAT WOULD INDICATE THAT THE DISTRICT IS LIKELY TO VIOLATE SECTION 48-805.02, SUBSECTION D, PARAGRAPH 1 OR THAT WOULD INDICATE AN ADVERSE IMPACT ON THE ONGOING OPERATIONS OR LIQUIDITY OF THE DISTRICT SHALL BE REPORTED BY THE FIRE DISTRICT BOARD CHAIRMAN IN WRITING AND DELIVERED BY CERTIFIED MAIL TO THE COUNTY TREASURER AND THE COUNTY BOARD OF SUPERVISORS WITHIN TEN DAYS AFTER THE DISCOVERY.

P. Notwithstanding section 11-605, a fire district may register warrants only if separate accounts are maintained by the county treasurer for each governmental fund of a fire district. Warrants may only be registered on the maintenance and operation account, the unrestricted capital outlay account and the special revenue account, and only if the total cash balance of all three accounts is insufficient to pay the warrants and after any revolving line of credit has been expended as prescribed in section 11-635.

Q. When a fire district has adopted a budget and the board of supervisors has levied a fire district tax as provided in subsection ~~F~~ E of this section and the district has insufficient money in its general fund with the county treasurer to operate the district, ~~the elected chief and the secretary-treasurer, or if there is a district board,~~ the chairman of the board, on or after August 1 of each year, may draw warrants for the purposes prescribed in section 48-805 on the county treasurer, payable on November 1 of that year or on April 1 of the succeeding year. The aggregate amounts of the warrants may not exceed ninety per cent of the taxes levied by the county for the district's current fiscal year. If the treasurer cannot pay a warrant for lack of funds in the fire district general fund, the warrant shall be endorsed, be registered, bear interest and be redeemed as provided by law for county warrants, except that the warrants are payable only from the fire district general fund.

APPROVED BY THE GOVERNOR JUNE 19, 2013.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 19, 2013.

Passed the House March 4, 2013

by the following vote: 59 Ayes,

0 Nays, 1 Not Voting

Speaker of the House

Pro Tempore

Cheryl Laube

Chief Clerk of the House

Passed the Senate April 10, 2013

by the following vote: 26 Ayes,

1 Nays, 3 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

_____ day of _____, 20_____

at _____ o'clock _____M.

_____

Secretary to the Governor

Approved this _____day of

_____

at _____o'clock _____M.

_____

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this _____ day of _____, 20_____

at _____ o'clock _____M.

_____

Secretary of State

H.B. 2572

HOUSE FINAL PASSAGE
as per Joint Conference

Passed the House May 14, 2013

by the following vote: 59 Ayes,

0 Nays, 1 Not Voting

Speaker of the House

Cheryl Lauber
Chief Clerk of the House

SENATE FINAL PASSAGE
as per Joint Conference

Passed the Senate May 21, 2013

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

13 day of June, 2013

at 4:45 o'clock P M.

Mikhaila Howard
Secretary to the Governor

Approved this 19th day of

June

at 2:53 o'clock P. M.

Janice K. Brewer
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 19th day of June, 2013

at 4:53 o'clock P M.

Secretary of State

H.B. 2572