



STATE OF ARIZONA  
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY  
GOVERNOR

EXECUTIVE OFFICE

May 13, 2019

The Honorable Katie Hobbs  
Secretary of State  
1700 W. Washington, 7<sup>th</sup> Floor  
Phoenix, AZ 85007

Dear Secretary Hobbs:

I am transmitting to you the following bill from the Fifty-fourth Legislature, 1st Regular Session, which I signed on May 13<sup>th</sup>, 2019:

H.B. 2074 treatment and education facilities; exemption (Bowers)  
H.B. 2241 JLAC; political subdivisions; investigation (Kern)  
H.B. 2433 G&F; trophy definition; repeal (Cobb)  
H.B. 2442 community services special plates (Griffin)  
H.B. 2453 land use plans; contents; aggregates (Griffin)  
H.B. 2692 state drink; lemonade (Petersen)  
S.B. 1026 school pupils; emergency medication administration (Carter)  
S.B. 1096 health professionals data; repository (Carter)  
S.B. 1112 juvenile group homes; license; DCS (Pace)  
S.B. 1139 redistricting; legislative district one (Fann)  
S.B. 1261 lobbyists; filings; attestations (Livingston)  
S.B. 1315 victims' rights; refusal of interviews (E. Farnsworth)  
S.B. 1441 county officers; confidentiality; e-mail (Pratt)  
S.B. 1483 vulnerable adults; financial exploitation (Mesnard)  
S.B. 1526 firefighting foam; prohibited uses (Carter)  
S.B. 1534 annuity disclosure; rules (Brophy-McGee)  
S.B. 1535 AHCCCS; opioid treatment programs; requirements (Brophy-McGee)

Sincerely,

Douglas A. Ducey  
Governor  
State of Arizona

cc: Senate Secretary  
Chief Clerk of the House of Representatives  
Arizona News Service

House Engrossed  
**FILED**  
**KATIE HOBBS**  
**SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Fifty-fourth Legislature  
First Regular Session  
2019

**CHAPTER 209**  
**HOUSE BILL 2241**

AN ACT

AMENDING SECTION 41-1279.07, ARIZONA REVISED STATUTES; RELATING TO THE  
JOINT LEGISLATIVE AUDIT COMMITTEE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 41-1279.07, Arizona Revised Statutes, is amended  
3 to read:

4 41-1279.07. Uniform expenditure reporting system; reports by  
5 counties, community college districts, cities  
6 and towns; certification and attestation;  
7 assistance by auditor general; attorney general  
8 investigation; violation; classification

9 A. The auditor general shall prescribe a uniform expenditure  
10 reporting system for all political subdivisions subject to the  
11 constitutional expenditure limitations prescribed by article IX, sections  
12 20 and 21, Constitution of Arizona. The system shall include:

13 1. For counties:

14 (a) An annual expenditure limitation report that includes at least  
15 the following information:

16 (i) The expenditure limitation established for the reporting fiscal  
17 year by the economic estimates commission.

18 (ii) Total expenditures, by fund, for the reporting fiscal year.

19 (iii) Total exclusions from local revenues, as defined by article  
20 IX, section 20, Constitution of Arizona, by fund, for the reporting fiscal  
21 year.

22 (iv) Total amounts, by fund, of expenditures subject to the  
23 expenditure limitation for the reporting fiscal year.

24 (b) Annual financial statements prepared in accordance with  
25 generally accepted accounting principles.

26 (c) A reconciliation of the total expenditures reported within the  
27 financial statements to the total expenditures stated within the  
28 expenditure limitation report.

29 2. For community college districts:

30 (a) An annual budgeted expenditure limitation report that includes  
31 at least the following information:

32 (i) The expenditure limitation established for the reporting fiscal  
33 year by the economic estimates commission.

34 (ii) Total budgeted expenditures, by fund, for the reporting fiscal  
35 year.

36 (iii) Total exclusions from local revenues, as defined by article  
37 IX, section 21, Constitution of Arizona, by fund, for the reporting fiscal  
38 year.

39 (iv) Total amounts, by fund, of budgeted expenditures subject to  
40 the expenditure limitation for the reporting fiscal year.

41 (b) Annual financial statements prepared in accordance with  
42 generally accepted accounting principles.

43 (c) A reconciliation of the total expenditures reported within the  
44 financial statements to the total expenditures reported within the  
45 expenditure limitation report.

1           3. For cities and towns:  
2           (a) An annual expenditure limitation report that includes at least  
3 the following information:  
4           (i) The expenditure limitation established for the reporting fiscal  
5 year by the economic estimates commission and, if applicable, the voter  
6 approved alternative expenditure limitation.  
7           (ii) Total expenditures, by fund, for the reporting fiscal year.  
8           (iii) Total exclusions from local revenues, as defined by article  
9 IX, section 20, Constitution of Arizona, by fund, for the reporting fiscal  
10 year or, if applicable, the total exclusions from the voter approved  
11 alternative expenditure limitation.  
12           (iv) Total amounts, by fund, of expenditures subject to the  
13 expenditure limitation for the reporting fiscal year.  
14           (b) Financial statements prepared in accordance with generally  
15 accepted accounting principles.  
16           (c) A reconciliation of the total expenditures reported within the  
17 financial statements to the total expenditures reported within the  
18 expenditure limitation report.  
19           B. The auditor general shall provide detailed instructions for  
20 completion and submission of the reports described in subsection A of this  
21 section. The auditor general shall prescribe definitions for terms  
22 ~~utilized~~ USED in and the form of the reports described in subsection A of  
23 this section. The reports described in subsection A of this section are  
24 required of counties and community college districts beginning with fiscal  
25 year 1981-1982. The reports described in subsection A of this section are  
26 required of cities and towns beginning with the fiscal year the political  
27 subdivision is subject to the expenditure limitation. The annual  
28 reporting requirements also apply to political subdivisions subject to an  
29 alternative expenditure limitation enacted pursuant to article IX, section  
30 20, subsection (9), Constitution of Arizona.  
31           C. The reports described in subsection A of this section must be  
32 filed with the auditor general within nine months after the close of each  
33 fiscal year.  
34           D. The auditor general or a certified public accountant performing  
35 the annual audit required pursuant to sections 41-1279.21 and 9-481 shall  
36 attest to the expenditure limitation reports and financial statements for  
37 counties, community college districts and cities. The certified public  
38 accountant performing the annual or biennial audit required pursuant to  
39 section 9-481 shall attest to the expenditure limitation reports and  
40 financial statements for towns.  
41           E. THE GOVERNING BODY OF each political subdivision shall provide  
42 to the auditor general by July 31 each year the name of the chief fiscal  
43 officer designated by the governing ~~board~~ BODY of the political  
44 subdivision to OFFICIALLY submit the current fiscal year's expenditure  
45 limitation report ON BEHALF OF THE GOVERNING BODY. The GOVERNING BODY OF

1 THE political subdivision shall notify the auditor general of any changes  
2 of individuals designated to file the required reports. The designated  
3 chief fiscal officer shall certify to the accuracy of the annual  
4 expenditure limitation report.

5 F. The auditor general shall prescribe forms for the uniform  
6 reporting system and may provide assistance to individuals, certified  
7 public accountants or public accountants responsible for attesting to the  
8 expenditure limitation reports and financial statements.

9 G. EACH POLITICAL SUBDIVISION, SUBJECT TO THE EXPENDITURE  
10 LIMITATIONS PRESCRIBED BY ARTICLE IX, SECTIONS 20 AND 21, CONSTITUTION OF  
11 ARIZONA, SHALL COMPLY WITH THE UNIFORM EXPENDITURE REPORTING SYSTEM,  
12 INSTRUCTIONS AND FORMS PRESCRIBED BY THE AUDITOR GENERAL. THE AUDITOR  
13 GENERAL MAY NOTIFY THE COMMITTEE AND THE ATTORNEY GENERAL IF ANY POLITICAL  
14 SUBDIVISION DOES NOT COMPLY WITH THE UNIFORM EXPENDITURE REPORTING SYSTEM,  
15 INSTRUCTIONS OR FORMS PRESCRIBED BY THE AUDITOR GENERAL. THE ATTORNEY  
16 GENERAL MAY FILE A PETITION FOR SPECIAL ACTION IN ANY COURT OF COMPETENT  
17 JURISDICTION TO COMPEL ANY POLITICAL SUBDIVISION TO COMPLY WITH THIS  
18 SECTION. THE ATTORNEY GENERAL MAY APPLY FOR INJUNCTIVE RELIEF IN ANY  
19 COURT OF COMPETENT JURISDICTION TO ENJOIN ANY POLITICAL SUBDIVISION FROM  
20 VIOLATING THIS SECTION. INJUNCTIVE AND SPECIAL ACTION PROCEEDINGS ARE IN  
21 ADDITION TO ALL OTHER PENALTIES AND OTHER REMEDIES PRESCRIBED BY LAW.

22 ~~H.~~ H. A chief fiscal officer, designated pursuant to subsection E  
23 of this section, who subsequent to July 1, 1983 refuses to file the  
24 reports required by this section within the prescribed time periods or who  
25 intentionally files erroneous reports is guilty of a class 1 misdemeanor.  
26 A city or town exceeding the expenditure limitation prescribed or  
27 authorized pursuant to article IX, section 20, Constitution of Arizona,  
28 for any fiscal year, without authorization pursuant to such section, shall  
29 have the amount specified in subsection ~~H~~ I of this section of its  
30 allocations of the state income tax, distributed pursuant to section  
31 43-206, withheld and redistributed to other cities and towns in the same  
32 manner as determined pursuant to that section, except that the population  
33 of the city or town exceeding the expenditure limitation shall not be  
34 included in the computation, and the city or town exceeding the  
35 expenditure limitation shall not be entitled to share in the  
36 redistribution. A community college district exceeding the expenditure  
37 limitation prescribed pursuant to article IX, section 21, Constitution of  
38 Arizona, for any fiscal year, without authorization pursuant to such  
39 section or section 15-1471, shall have the amount specified in subsection  
40 ~~H~~ I of this section of its allocations of state aid, distributed pursuant  
41 to section 15-1466, withheld.

42 ~~H~~ I. The auditor general shall hold a hearing to determine if any  
43 political subdivision has exceeded the expenditure limitations prescribed  
44 pursuant to article IX, sections 20 and 21, Constitution of Arizona. If a  
45 county has exceeded the expenditure limitations prescribed pursuant to

1 article IX, section 20, Constitution of Arizona, without authorization  
2 pursuant to that section, the auditor general shall notify the board of  
3 supervisors of the county to reduce the allowable levy of primary property  
4 taxes of the county pursuant to section 42-17051, subsection C. If any  
5 political subdivision other than a county has exceeded the expenditure  
6 limitations prescribed pursuant to article IX, sections 20 and 21,  
7 Constitution of Arizona, without authorization, the auditor general shall  
8 notify the state treasurer to withhold a portion of the political  
9 subdivision's allocations of the revenues described in subsection ~~G~~ H of  
10 this section for the fiscal year subsequent to the auditor general's  
11 hearing as follows:

12 1. If the excess expenditures are less than five percent of the  
13 limitation, an amount equal to the excess expenditures.

14 2. If the excess expenditures are equal to or greater than five  
15 percent but less than ten percent of the limitation, or are less than five  
16 percent of the limitation but it is at least the second consecutive  
17 instance of excess expenditures, an amount equal to triple the excess  
18 expenditures.

19 3. If the excess expenditures are equal to or greater than ten  
20 percent of the limitation, an amount equal to five times the excess  
21 expenditures or one-third of the allocation of the revenues described in  
22 subsection ~~G~~ H of this section, whichever is less.

23 ~~F~~ J. A county, city or town is not deemed to have exceeded the  
24 expenditure limitation if the county, city or town makes expenditures for  
25 capital improvements from utility revenues pursuant to title 9, chapter 5,  
26 article 3 or from excise taxes levied by the county, city or town for a  
27 specific purpose and the county, city or town repays the expenditure from  
28 the proceeds of bonds or other lawful long-term obligations before the  
29 hearing required by subsection ~~H~~ I of this section.

**APPROVED BY THE GOVERNOR MAY 13, 2019.**

**FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 13, 2019.**

Passed the House February 28, 20 19

Passed the Senate May 6, 20 19

by the following vote: 31 Ayes,

by the following vote: 17 Ayes,

29 Nays, 0 Not Voting

12 Nays, 1 Not Voting

[Signature]  
Speaker of the House

[Signature]  
President of the Senate

Pro Tempore

[Signature]  
Chief Clerk of the House

[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

7<sup>th</sup> day of May, 20 19

at 11:53 o'clock A M.

[Signature]  
Secretary to the Governor

Approved this 13<sup>th</sup> day of

May 2019

at 1:42 o'clock P M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 13 day of May, 20 19

at 5:03 o'clock P. M.

[Signature]  
Secretary of State

H.B. 2241