



STATE OF ARIZONA  
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY  
GOVERNOR

EXECUTIVE OFFICE

May 22, 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 bills from the Fifty-fourth Legislature, 1st Regular Session, which I signed on May 22nd, 2019:

H.B. 2123 TPT; distribution; community college districts.. (Udall)  
H.B. 2133 voter registration; updates; internet address (Thorpe)  
H.B. 2467 committees; west basin water users (Cobb)  
H.B. 2480 setting aside judgment; felony offense (Bowers)  
H.B. 2639 timeshares; disclosures (Bolick)  
S.B. 1154 primary date; first August Tuesday (Gowan)  
S.B. 1161 school facilities; revisions (Borrelli)  
S.B. 1185 weights and measures; licensing periods (Pratt)  
S.B. 1235 possessory improvements; government property; assessment (Mesnard)  
S.B. 1297 genetic testing information; confidentiality; exceptions (Brophy-McGee)  
S.B. 1349 family college savings program (Livingston)

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 241**  
**HOUSE BILL 2123**

AN ACT

AMENDING SECTION 42-5029.02, ARIZONA REVISED STATUTES; RELATING TO  
TRANSACTION PRIVILEGE AND USE TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 42-5029.02, Arizona Revised Statutes, is amended  
3 to read:

4 42-5029.02. Distribution of revenues for education;  
5 definitions

6 A. All monies collected pursuant to section 42-5010.01 and section  
7 42-5155, subsection E shall be distributed each fiscal year pursuant to  
8 this subsection. The monies distributed pursuant to this subsection are  
9 in addition to any other appropriation, transfer or other allocation of  
10 public or private monies from any other source and may not supplant,  
11 replace or cause a reduction in other school district, charter school,  
12 university or community college funding sources. The monies shall be  
13 distributed as follows:

14 1. \$64,100,000 is appropriated each fiscal year, to be paid in  
15 monthly installments, to the classroom site fund established by section  
16 15-977.

17 2. After any transfer of monies pursuant to paragraph 1 of this  
18 subsection, twelve percent of the remaining monies collected during the  
19 preceding month shall be transferred to the technology and research  
20 initiative fund established by section 15-1648 to be distributed among the  
21 universities under the jurisdiction of the Arizona board of regents for  
22 the purpose of investment in technology and research-based initiatives.

23 3. After the transfer of monies pursuant to ~~paragraphs 1 and 2~~  
24 PARAGRAPH 1 of this subsection, three percent of the remaining monies  
25 collected during the preceding month shall be transferred to the workforce  
26 development account established in each community college district  
27 pursuant to section 15-1472 for the purpose of investment in workforce  
28 development programs.

29 4. After the transfer of monies pursuant to paragraphs 1, 2 and 3  
30 of this subsection, one-twelfth of the amount a community college that is  
31 owned, operated or chartered by a qualifying Indian tribe on its own  
32 Indian reservation would receive pursuant to section 15-1472, subsection  
33 D, paragraph 2 if it were a community college district shall be  
34 distributed each month to the treasurer or other designated depository of  
35 the qualifying Indian tribe. Monies distributed pursuant to this  
36 paragraph are for the exclusive purpose of providing support to one or  
37 more community colleges that are owned, operated or chartered by a  
38 qualifying Indian tribe and shall be used in a manner consistent with  
39 section 15-1472, subsection B.

40 5. After the transfer of monies pursuant to paragraphs 1, 2 and 3  
41 of this subsection, one-twelfth of \$86,280,500 shall be transferred each  
42 month to the department of education for the increased cost of basic state  
43 aid under section 15-971 due to added school days and associated teacher  
44 salary increases that were enacted in 2000.

1           6. After the transfer of monies pursuant to paragraphs 1, 2 and 3  
2 of this subsection, \$7,800,000 is appropriated each fiscal year, to be  
3 paid in monthly installments, to the department of education to be used  
4 for school safety as provided in section 15-154 and \$200,000 is  
5 appropriated each fiscal year, to be paid in monthly installments, to the  
6 department of education to be used for the character education matching  
7 grant program as provided in section 15-154.01.

8           7. After the transfer of monies pursuant to paragraphs 1, 2 and 3  
9 of this subsection, the legislature may not appropriate more than  
10 \$7,000,000 each fiscal year to the department of education to be used for  
11 accountability purposes as described in section 15-241.02 and title 15,  
12 chapter 9, article 8.

13           8. After the transfer of monies pursuant to paragraphs 1, 2 and 3  
14 of this subsection, \$1,500,000 is appropriated each fiscal year, to be  
15 paid in monthly installments, to the failing schools tutoring fund  
16 established by section 15-241.

17           9. After the transfer of monies pursuant to paragraphs 1, 2 and 3  
18 of this subsection, \$25,000,000 shall be transferred each fiscal year to  
19 the state general fund to reimburse the state general fund for the cost of  
20 the income tax credit allowed by section 43-1072.02.

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

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

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

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

32           B. For the purposes of this section:

33           1. "Community college district" means a community college district  
34 that is established pursuant to sections 15-1402 and 15-1403 and that is a  
35 political subdivision of this state and, unless otherwise specified,  
36 includes a community college tuition financing district established  
37 pursuant to section 15-1409.

38           2. "Qualifying Indian tribe" has the same meaning as defined in  
39 section 42-5031.01.

**APPROVED BY THE GOVERNOR MAY 22, 2019.**

**FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 22, 2019.**

Passed the House March 4, 20 19

Passed the Senate May 15, 20 19

by the following vote: 57 Ayes,

by the following vote: 29 Ayes,

0 Nays, 3 Not Voting

0 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

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

at 11:08 o'clock A M.

[Signature]  
Secretary to the Governor

Approved this 22<sup>nd</sup> day of

May 2019

at 2:01 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 22 day of May, 20 19

at 4:01 o'clock P. M.

[Signature]  
Secretary of State

H.B. 2123